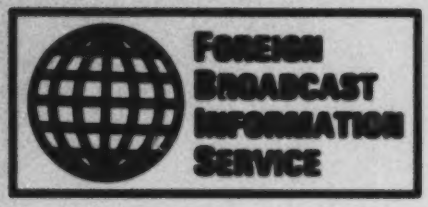

Daily Report

Latin America

FBIS-LAT-96-123
Tuesday
25 June 1996

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Daily Report
Latin America

FBIS-LAT-96-123 *25 June 1996*

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Inter-American Affairs: Bolivia's Sanchez on Mercosur

PY2406221996 Buenos Aires TELAM in Spanish 1747 GMT 23 Jun 96

[FBIS Translated Text] Buenos Aires, 23 Jun (TELAM) — Bolivian President Gonzalo Sanchez de Lozada today expressed hopes to be able to sign an agreement with Mercosur [Common Market of the South], which will be of great importance for this Latin American country.

"The Mercosur meeting is very important for Bolivia because we hope to be able to sign an agreement with this regional bloc. It is a decisive and extremely important step. We are not sure, but we have hopes," Sanchez told reporters shortly after arriving in the country on an official visit.

Asked whether the Bolivian Government was ready to give up the protection of some products, Sanchez expressed recognition that "we obviously have some conflicting viewpoints."

Sanchez said that "in Bolivia private companies have a lot of protection, but we believe it is time to join a larger market where we can produce and share with other countries."

Asked whether the issue of the renewal of the contract for the sale of gas to Argentina had been included on the agenda, Sanchez said he is interested in discussing the issue, adding that the point will be brought up "at least formally."

The Bolivian president said that "most of our imports come from Mercosur member countries, but we cannot sell all our exports to these countries. We believe we will have more dynamic relations if we can eliminate tariff barriers."

The Bolivian head of state arrived at the Ezeiza International Airport aboard a Lloyd Aereo Boliviano flight. He was received in "Las Americas" VIP Hall by Argentine Foreign Ministry officials.

Sanchez de Lozada, his Chilean counterpart Eduardo Frei, the four Mercosur presidents, and the economy and foreign ministers of the regional bloc will participate in the Second Mercosur Economic Forum, which is being organized by the World Economic Forum (WEF).

Inter-American Affairs: Brazil, Argentina at Economic Forum

PY2506031296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2220 GMT 23 Jun 96

[FBIS Translated Text] Buenos Aires, 22 Jun (NA) — Argentine Economy Minister Domingo Cavallo and Brazilian Finance Minister Pedro Malan tonight announced a sustained 5-percent growth rate for the Mercosur [Common Market of the South] common economy over the next five years.

Cavallo and Malan described as essential for Mercosur member countries "to guarantee the domestic conditions for their economies to continue to pursue short- and long-term positive trends."

The Argentine economy minister and the Brazilian finance minister concurred in saying: "If the member countries pursue similar prospective views, similar macroeconomic policies will be achieved."

The Argentine economy minister and the Brazilian finance minister made these remarks during the opening session of the Second Mercosur Meeting, which is being held within the framework of the World Economic Forum.

Inter-American Affairs: Chile, Bolivia Mercosur Membership

PY2506020996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0114 GMT 24 Jun 96

[FBIS Translated Text] Buenos Aires, 23 Jun (TELAM) — Argentine Foreign Minister Guido Di Tella and Brazilian Foreign Minister Luiz Felipe Lampreia today supported Chilean and Bolivian membership in Mercosur [Common Market of the South] and called on the rest of the Latin American countries to join Mercosur.

In this regard, Lampreia also supported Venezuela's entry. In his opinion, "it will be a very important partner." Di Tella announced that Mercosur would become one of the "most dynamic" markets of "the world."

The two foreign ministers today inaugurated the Second Mercosur Meeting, sponsored by the World Economic Forum, which is being held in a hotel in downtown Buenos Aires.

Di Tella noted that, within 10 years, "the world will experience substantial changes," following the integration of regional markets. In his opinion, Mercosur "will be the most dynamic market," after the integration of Chile and Bolivia.

The Argentine foreign minister described the Mercosur achievements as "extraordinary." He emphasized that trade has grown from $5 to $15 billion over the past five years.

Di Tella also emphasized that Brazil and Argentina "have managed to overcome the problems of jealousy and blindness that prevented integration in past years." He noted that Brazil and Argentina now are being

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involving pharmaceutical products. The official added, however, that differences still exist on oil by-products.

"Yesterday, during the Mercosur [Common Market of the South] Group meeting, Brazil signed a declaration saying that financial restrictions for the import of textiles are not applicable to member countries" of the regional bloc, the official told TELAM.

During a debate on Mercosur's juridical framework, Mayoral said that "the issue of medicines was also solved by adding more flexibility to the lists." Mayoral added that the issue of the import of oil by-products, which is banned by Brazil, has still not been solved.

The under secretary said that Petrobras [Brazilian Petroleum Corporation], a monopoly recognized by the Brazilian Constitution, permits the import of oil but not the import of oil by-products.

"Petrobras makes a very extensive interpretation of the disposition and applies it to lubricants," Mayoral said.

The official said, however, that within Mercosur there is juridical security and "a commitment by each of the Mercosur member countries to promote deep reforms with the necessary flexibility" as required by the deregulation process.

Mayoral said that the Commerce Commission's current mechanism for solving controversies is efficient and that "50 percent of all cases" were resolved.

Luiz Olvo Baptista, of Tess and Hesketh, who integrated the table of debate representing Brazilian lawyers, asserted that "practically all controversies were solved by this commission." Another participant in the debate told TELAM the opposite. Sinapsis Company Vice President Horacio Bercun said that "70 percent of the cases were not resolved" and the other 30 percent were minor issues.

"The problem is not the supranational character of institutions (referring to a Mercosur Tribunal to solve controversies), but an agreement on the meaning of supranational in the member countries' legislation," Bercun said.

The official said: "The Asuncion Treaty cannot have one position in Brazilian legislation and a different position in Paraguayan or Argentine laws."

During the debate, it was explained that the Brazilian juridical system considers international treaties as having the same status as national laws. In Argentina, treaties are viewed as being at a higher level than other laws.

This is why, in Brazil, a law promulgated after the approval of an international treaty can change the treaty's validity. This is exactly what happened with the Asuncion and Ouro Preto agreements and dispositions on the automobile industry.

"Mercosur is signing treaties of alliance with the EU, Chile, and Bolivia, and I wonder what position those agreements will have when Mercosur member countries do not give them the same priority," Bercun said.

"The problem is that we do not have good foundations. As long as Brazil, Paraguay, Uruguay, and Argentina do not agree on the position or status of the Asuncion Treaty, we will face innumerable conflicts similar to the problem we had in the automobile industry," the official warned.

Inter-American Affairs: Brazil's Cardozo on S.A. Economy

PY2506021396 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 24 Jun 96

[FBIS Translated Excerpt] President Fernando Henrique Cardoso said in Argentina that South America will be a major world economic center.

The president is now attending the World Economic Forum at the conference hall of the Sheraton Hotel in Buenos Aires. All Mercosur [Common Market of the South] presidents will address the seminar, which is being attended by more than 300 entrepreneurs and executives of banks and international enterprises, who will discuss the importance of Mercosur in the world of business.

Before attending the forum, President Cardoso attended a luncheon reception at the Chilean Embassy to mark Chilean President Eduardo Frei's birthday.

At 1600, at the Brazilian Embassy residence, the Brazilian president met with his Bolivian counterpart Gonzalo Sanchez de Lozada.

Concerning Chile's and Bolivia's entry into Mercosur, Cardoso said that negotiations are paving the way for South America to become one the pillars of world economic development in the 21st century.

[Begin Cardoso recording] This does not mean that Brazil and Mercosur are not interested in hemispheric integration. To the contrary, we are interested, but we are going step by step. The consolidation of the links between Chile and Mercosur is a very positive signal. Our relations with the European Union are also a very positive signal in that direction, and this shows that we are getting ready to become one of the pillars of world economic development in the 21st century. [end recording] [passage omitted]

The Brazilian and Bolivian presidents discussed the construction of a gas pipeline that will join Santa Cruz

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Florence, Italy, where he attended the ceremony during which he signed the agreement marking Chile's entry into the EU.

After the welcoming ceremony at the Ezeiza International Airport, Frei stressed the successful results of the two-year negotiations with the four European partners.

[Frei] I can venture to say that we have signed a truly historic agreement. We are now going to join Mercosur within the framework of a vast political, economic and social process. Furthermore, we will enter one of the most important emerging markets in the world.

Moreover, all European leaders have stated in Florence that they believe the consolidation of Mercosur is of extraordinary importance. In addition, I believe we will be fulfilling an old dream of many Latin Americans. I believe that throughout history there have been many Latin Americans who have sought to achieve Latin American integration.

[Alfaro] In addition to the Mercosur presidential summit, the second seminar on Mercosur's Future sponsored by the World Economic Forum is also being held in Buenos Aires . Established in 1971, this organization currently groups 1,000 of the most powerful companies in the world with a turnover of up to $3 trillion per year.

The meeting, attended by politicians, businessmen, and academicians, was opened by Argentine Foreign Minister Guido Di Tella, who expressed his pleasure over Chile's entry into Mercosur.

[Di Tella] I believe this was a predictable outcome because from the very start all parties showed a categorical political willingness to achieve this goal.

We believe this is but another step in our goal to achieve the integration of the entire Southern Cone region. In addition, this is further evidence of the close, cordial, and truly friendly ties we enjoy with Chile.

[Alfaro] Do you believe the aspirations of all those involved were met in these negotiations? Did anyone lose?

[Di Tella] The crux of successful negotiations is that no one comes out a complete winner or a complete loser. There is always a bit of give and take involved. The truth is that all of us are very happy.

[Alfaro] President Frei is scheduled to address the closing ceremony of The World Economic Forum on 24 June, on the subject of the Latin American Integration Process. [end recording]

Inter-American Affairs: Brazilian Officials in Buenos Aires

PY2506031496 Buenos Aires TELAM in Spanish 2044 GMT 24 Jun 96

[FBIS Translated Text] Buenos Aires, 24 Jun (TELAM) — The process of opening of the Brazilian market is irreversible and we do not have any intention of adopting protectionist measures, Brazilian Industry Minister Francisco Dornelles said today.

"Brazil adheres to the WTO and respects its regulations. Our country will not take a step back in the process of economic opening and it does not intend to implement protectionist measures," Dornelles said during a news conference.

Dornelles was accompanied by Finance Minister Pedro Malan and Planning Minister Antonio Kandir. The news conference was held within the framework of the Second Mercosur Summit, organized by the World Economic Forum.

Malan, however, denied there were any differences with his predecessor, former Industry Minister Jose Serra [name and position as received], and denied that the constitutional reform, which was proposed by the government and is being delayed by Congress, will paralyze the privatization process in Brazil.

"It is true that Brazil needs to amend the Constitution in order to make progress in economic reform, but this does not mean that, meanwhile, we cannot advance by amending other laws and by the active participation of federal and state executive branches," Malan said.

The finance minister also said that he does not think it "at all impossible for Chilean and Argentine capital to participate in oil exploration in Brazil, as is anticipated by the elimination of the oil monopoly in the country."

Kandir refused to reveal what the government will do in the area of privatizations, adding that "on 27 June the National Privatizations Council will have a meeting to discuss these issues and make decisions."

"We cannot say anything until the 27th," Kandir said in answer to insistent questions by Brazilian reporters.

Inter-American Affairs: Argentina, Brazil on Trade Dispute

PY2506120696 Buenos Aires TELAM in Spanish 2105 GMT 24 Jun 96

[FBIS Translated Text] Buenos Aires, 24 Jun (TELAM) — Commerce Under Secretary Alejandro Mayoral said today that the conflict stemming from the export of textiles to Brazil was resolved, just as was the conflict

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de la Sierra and Sao Paulo. Cardoso and Sanchez de Lozada decided that construction of the gas pipeline will begin in 1997.

Foreign Minister luiz Felipe Lampreia said that on the Brazilian side, the gas pipeline will be built by a consortium of enterprises led by Petrobras — Brazilian Petroleum Corporation. The participation of the private sector in the project will be established after approval by Congress of the regulations for easing the petroleum monopoly.

[Begin Lampreia recording] Congress approved a constitutional amendment easing the petroleum monopoly, but the corresponding regulations have not yet been approved. To this end, the government will, in the near future, submit a draft bill to Congress. [end recording] [passage omitted]

Inter-American Affairs: Mercosur 'Democratic Clause'

PY2506034296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0011 GMT 25 Jun 96

[FBIS Translated Text] San Luis, Argentina, 25 Jun (NA) — The Mercosur [Common Market of the South] Joint Congressional Commission agreed today to create a "Democratic Clause" that will bar the entry into the bloc of any country that does not elect its government authorities through free elections.

The agreement was reached during deliberations in the city of San Luis, in San Luis Province.

Spokesmen for the various delegations said that this clause also establishes that if a Mercosur member country no longer has a democracy, it will automatically be in conflict with the other Mercosur member countries and will be suspended until a regime chosen in free elections can take over.

In this way, deputies and senators from Argentina, Brazil, Uruguay, and Paraguay agreed to create an institutional tool that will permit them to react before events such as those that occurred recently in Paraguay, where the continuity of President Juan Carlos Wasmosy in the presidency was placed at risk by a military officer's rebellion. [passage omitted]

The legislators met for the entire day at the San Luis City Convention Center, but could not agree on a legal regime to harmonize laws to fight money laundering. The initiative, which was also supported by the United States, failed because Uruguay fears that the measure will expel capital deposited in local banks and destabilize its financial system.

Delegates agreed, however, to recommend to the congresses of each member country that they harmonize their legislation in order to fight drug trafficking with better tools.

This point is of particular importance because of the drug trafficking detected in the tri-border area where Ciudad del Este (Paraguay) joins Foz do Iguacu (Brazil) and Puerto Iguazu (Argentina).

This was the seventh Mercosur legislators plenary session. Delegates also approved the framework agreement for cooperation with the EU. [passage omitted]

Inter-American Affairs: Andean Group on Antinarcotics

PY2106230796 La Paz PRESENCIA in Spanish 11 Jun 96 p 6

[FBIS Translated Text] On 10 June, Andean Group member countries took up the challenge to jointly confront drug trafficking through coordinated actions. They made this decision upon installing the "operations group" of this subregional organization that was created during the recent presidential summit in Trujillo, Peru, and on the bases of Bolivia's commitment to eradicate all surplus coca plantations within the next five years.

Representatives of drug enforcement in Colombia, Peru, Venezuela, Ecuador and Bolivia yesterday attended the first meeting of the Andean Group "High-Level Operations Group Against Drug Trafficking" at the Plaza Hotel in La Paz. Mexico also attended the meeting as an observer.

Bolivian Social Defense Minister Victor Hugo Canelas opened the meeting. He stressed Bolivia's achievements in drug enforcement, which is based on four major pillars (prevention, interdiction, alternative development, and eradication).

He explained that Chapare has become the biggest drug production center in the country; 95 percent of the coca produced in this region is used to produce cocaine sulphate base.

Canelas reiterated the Bolivian Government's traditional phrase that coca is cocaine and that consequently it should be eradicated. Thus, he announced that there will be no surplus coca plantations in Bolivia within five years.

He said this objective will be met by complying with Law No. 1008 which provides for the eradication of 5,000 to 8,000 hectares per annum. The goal to eradicate 5,400 hectares has been achieved and it is hoped that 6,000 hectares will be eradicated this year.

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He noted that interdiction has yielded very important results, considering that an average 1 tonne of cocaine per month has been seized so far. It is estimated that more than 12,000 tonnes [as published] of cocaine will be seized by the end of the year.

In the first part of the meeting all the countries described their antinarcotics policies so that major events could be taken into account in outlining the joint antinarcotics strategy, which is the objective of this meeting of the Andean countries.

Inter-American Affairs: C.A. Heads Meet U.S. Academic

PA2306194596 Mexico City NOTIMEX in Spanish 0110 GMT 21 Jun 96

[FBIS Translated Text] Managua, 20 Jun (NOTIMEX) — The meeting of Central American presidents with Harvard University specialist Michael Porter concluded today with the commitment to develop an economic, macroeconomic, and competitiveness policy for the region.

Costa Rican President Jose Maria Figueres said this policy, which experts are drafting, would make feasible the objectives outlined in the Alliance for Sustainable Development, a group formed in October 1994. This agreement, which regional leaders signed in this capital almost two years ago, encompasses economic, political, social, and environmental subjects.

Michael Porter presented for the leaders' consideration a number of recommendations for the modernization of the customs system, its infrastructure, and the training of its personnel. Furthermore, they discussed the promotion of productive foreign investments in the countries of the region and the improvement of land infrastructure.

Some of the recommendations, although it was not specified which ones, will reportedly be implemented this year. The plan also includes up to the year 2000.

Porter, a faculty member at the Harvard School of Business, will meet with the Nicaraguan business sector tomorrow morning.

Today's meeting was also attended by Guatemalan President Alvaro Arzu, Salvadoran President Armando Calderon Sol, Honduran President Carlos Roberto Reina, and Nicaraguan President Violeta Chamorro.

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Cuba

Cuba: ICAO Evidence Said Altered; Alarcon Comments

PA2406220296 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 23 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] Cuba has requested a new meeting of the International Civil Aviation Organization, ICAO, so its Council can have a reasonable time to examine a technical-investigative report. The Cuban request includes examining the inexactness and contradictions in the report regarding the 24 February incident, when our airspace was violated.

Cuba has also demanded that the commission complete the document and provide additional information for further analysis. Cuba also believes that the recordings provided by the United States containing conversations between the pilots of the intercepted planes and their control tower were altered, among other irregularities.

Our delegation in Montreal has warned of the danger that the ICAO could be forced to make a hasty and incomplete analysis and adopt decisions that could affect its credibility given its responsibility to guarantee the safe and orderly development of international civil aviation.

The Cuban proposal was accompanied by an official note, which says that after three months, the commission was not able to obtain conclusive evidence to determine the exact location of the incident. Cuba believes that the commission reached conclusions based on estimates and calculations that evidently are not exact and are based on information provided late by the United States.

Here are our special reporters with more details:

[Begin recording] [Unidentified reporter] The Cuban document states that the experts' report does not reflect an exhaustive analysis of the incident and its causes. In addition, it reaffirms the principles of full sovereignty over airspace, the states' obligation not to use civil aviation for purposes not compatible with the Chicago agreement, and the duty of all nations to ensure that aircraft overflying their territory comply with aviation rules.

The Cuban document notes that the report was hastily presented to the members of the council and contains inexact information and gaps or incomplete details. For those reasons, and taking into consideration that the Council should not be compelled to conduct a hasty analysis and to make decisions that could affect the ICAO's credibitility, Cuba notes that the mandate to conduct the investigation did not establish any deadlines for its conclusion, and asks the commission to complete the report, examine its inexactness and contradictions, and submit the results to the Council with sufficient time to be reviewed.

The report should have been presented on 6 May, but the mandate had to be extended because important information was missing that had to be provided by the United States, despite two visits by members of the commission to that country and several meetings with U.S. officials in Montreal, where the ICAO headquarters are located.

The U.S. Government published the report, and the U.S. media announced it had obtained copies before it was delivered to the ICAO Council. Nevertheless, in its meeting yesterday, the Council agreed that the contents of the report should remain secret, even if it was an open secret.

Other factors to be considered are that the Council's President (Asadco Taite) had to take care of the matter and is now planning an official trip to Norway. In addition, the Aviation Department in charge of the investigation has been controlled by the United States since the organization was created. Therefore, (Carl Frostel), the president of the team, is subordinated to the director, and coincidentally was recently promoted.

Under those circumstances, Cuba has requested that the investigation be completed and then examined with the necessary seriousness.

This was a report by Carlos Iglesias and Andres Fernandez from Montreal. [end recording]

On this topic, here are excerpts of Alarcon's news conference with Cuban reporters who are in Montreal, Canada, covering the ICAO Summit.

[Begin Alarcon recording, in progress] ... This is done in a special manner so as to guarantee that a serious analysis cannot take place; therefore, it violates what the Security Council has asked them to do and what they decided to do, that is, conduct a thorough and in-depth analysis of the issue. The first thing that persons who provoke this sort of situation did was create the material conditions to make it possible.

In other words, by not giving the information they were supposed to give and by not cooperating with the investigation, they delayed the process until the last day. In addition, they were insolent enough to insult the members of the ICAO Council. How? They convened the media at the White House a day before the members of the council themselves became familiar with the report and outlined the results of the discussion, which was to be held after the report was read.

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According to this, the ICAO condemned Cuba. They reiterated it; they said it; and they are going devote their time to spreading it throughout the world. In other words, is a meeting by the ICAO Council necessary? What will they do next week? I definitely believe that the ICAO Council should demand a little bit of respect. They should demand that this be considered thoroughly and seriously, and they should demand a discussion, which we hope will take place.

If this discussion does not take place, if the U.S. ploy is allowed to go on in such a base manner, the ICAO and its reputation will be harmed in the end.

Respect for the public is not only violated when an airplane makes an unauthorized entrance into a nation's airspace, but also when sovereign states are treated in such a disrespectful manner. This is what they are telling 30 governments: In three days — Saturday, Sunday and Monday — you must study this report and give instructions to your delegates, because the vote will take place on Wednesday. In addition to this, which is what they are actually saying, Mr. Peter Tarnoff knows, beforehand, what the results of this process will be, namely, Cuba's culpability.

A reporter asked him: What are you saying here: What you would like to see happen or the conclusions of the process? There cannot be any conclusions yet, since the process has not begun; the discussion of the report has not begun.

The point here is that these are attempts to preclude the true analysis of the problem, and the reason for this is quite simple: The United States is not right at all. The reasons are very simple:

1. The two downed small planes, as well as the one that got away, entered Cuban airspace, thus deliberately violating Cuba's national sovereignty, as had been done for many months before this occasion;

2. These were not civilian airplanes. They were airplanes designed for military use, as is any Cessna 337, a model that was used in Vietnam, El Salvador, and so on;

3. These planes came from the U.S. Armed Forces, because some of the 337 Cessnas were given to the so-called Brothers to the Rescue by the U.S. Armed Forces; this is how they got those planes. Further, theirs was not a civilian mission, but a mission of piracy and international provocation, which has nothing to do with civil aviation. Rather, this event constitutes an abuse of civil aviation as the aircraft were improperly used for purposes that violate the Chicago Convention.

Undoubtedly, if one analyzes this problem objectively, what one must do is condemn the United States, condemn its violations of international law as it allowed this type of actions to take place from its territory. Anyone who reviews this issue in a serious manner, considering the background, as well as the objective and real facts in the hands of the investigative commission — even if they do not dare to include them because they do not have the guts to do so, although they do have the facts — the United States runs a big risk, politically speaking. In other words, the United States runs the risk that its position might be questioned as it should be.

We must bear in mind that the U.S. position on this matter, the way they manipulated the 24 February incident, has been the justification they have brandished to try to rationalize the approval of the Helms-Burton law, which has brought them to a confrontation with the entire world. What would they tell the world if this analysis led to evidence that confirmed that they have violated everyone's sovereignty with the Helms-Burton law? [end recording]

Cuba: Newspaper Denounces U.S., ICAO's 'Evil Maneuver'

PA2406151996 Havana PRENSA LATINA in Spanish 1221 GMT 24 Jun 96

[FBIS Translated Text] Havana, 24 Jun (PL) — Today the newspaper TRABAJADORES described the most recent developments within the International Civil Aviation Organization (ICAO) that aim — apparently — to condemn the island, as an evil maneuver and conspiracy against Cuba and the world.

In its editorial, the weekly denounced the "suspicious anomalies" detected around the investigation conducted by the ICAO on the downing of two light pirate planes from the United States that violated this country's airspace on 24 February.

The publication accused U.S. representatives at this world organization of lying and fabricating evidence to impose sanctions on Cuba. It added: As far as we know, this organization, during a meeting in Canada, did not consider "numerous and overwhelming evidence" that the Havana authorities presented.

"Everything seems to indicate that in the end, lies can triumph over truth, strength over reason, and shamelessness over honor," the weekly noted.

The Cuban workers' newspaper underscored the systematic and repeated use by Washington of fraud, bribes, and denial of confirmed facts to achieve its morbid goals.

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In a historical account, the newspaper recalled that the United States blew up Battleship Maine in the late 19th century and used this as a pretext to intervene in the Cuban independence war against then mother country Spain to seize the island.

According to the article, which lashes out at the U.S. ultra-right and the "Miami annexationist mafia" for unjustly condemning Cuba, the ICAO and the United States are paving the way for new provocations and violations of international law to the detriment of this country and the rest of the world.

"The evil actions tested on Cuba become precedents, weapons in the imperialist arsenal to disregard the rights of other nations," the weekly added.

Finally, it maintained that "we will remain serene and united, and confident that lies and deceit will never become desirable instruments to undermine the Cuban people's ability to resist and fighting spirit."

Cuba: Copppal Official on Actions Against Helms-Burton Law

PA2106204296 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 19 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] Cuba's Acting Foreign Minister Jorge Bolanos has met with Senator Gustavo Carvajal, vice president of the Permanent Conference of Latin American Political Parties [Copppal]. Carvajal was accompanied by Maria Emilia Farias and Alejandra Tatari, Copppal's executive secretary and general coordinator, respectively.

Emilia Farias stated for Mexico's ECO network that Mexico and Canada are upset by the Helms-Burton law.

[Begin Farias recording, in progress] ....And upset by an initiative that is not only extraterritorial but that also limits our trade options. What can be expected is that the Mexican Congress will approve the antidote law, also called the blocking law [last two words in English], and that the Mexican Government will protect its investors through this measure. [end recording]

Farias added that it is probable that other Latin American congresses will begin drafting similar antidote laws.

[Begin Farias recording, in progress] ....And there is a commitment, specifically from Colombia and Argentina, to do the same. [end recording]

Finally, Farias pointed out that the Helms-Burton law spurns international trade principles that are accepted worldwide.

Cuba: Cuban, German Judicial Workshop on Helms-Burton Law

PA2106161296 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 20 Jun 96

[From the "NTV" Newscast]

[FBIS Translated Text] An international workshop, called Economic Law and Changes in the Juridical Framework, which was organized by the European Studies Center, the Union of Cuban Jurists, the Hedi Scheber German foundation, and the Association of German-Cuban Jurists, was held in Havana for three days.

During the workshop's closure, Dr. Josch Robersch, former finance minister for Lower Saxony, said that this meeting will be beneficial for German investments in Cuba. In addition, Dr. Ramon de la Cruz Ochoa, president of the Cuban Assembly's Juridical and Constitutional Affairs Commission, made the following remarks:

[Begin De la Cruz Ochoa recording] We expect this meeting to represent just the beginning of a relationship of mutual benefit for German and Cuban jurists, where we can share experiences in the field of law. [end recording]

Cuban Justice Minister Carlos Amat attended the final session, too. During the meeting, where more than 20 German businessmen and academics participated, a clear description of the characteristics and outlook of Cuba's economy and the laws that govern its development was presented. The subjects addressed included the development of foreign investments, mixed enterprises, and the Cuban tax system. It was pointed out that efforts have been made to make this system as modern and simple as possible in order to stimulate foreign investment, while constantly looking after national interests.

The workshop stressed both that it is easier for small- and medium-sized enterprises to circumvent the restrictions placed on Cuba by the U.S. embargo, and that Germany is willing to do business with Cuba.

As an extension of this workshop, a German-Cuban businessmen's meeting will start tomorrow and last until Friday.

Cuba: Complaint About Provoking Signs Near UN Mission

PA2106172096 Havana PRENSA LATINA in Spanish 0149 GMT 19 Jun 96

[FBIS Translated Text] United Nations, 18 Jun (PL) — Cuba today complained about the inaction of the U.S. Government in light of the provoking signs placed right

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next to its permanent office at the United Nations, as well as about the fact that the Committee for Relations with the Host Country was not working.

At a meeting by this subordinate organization, Bruno Rodriguez, Cuba's permanent representative at the United Nations, described as a mockery for the committee's members the promise made by the U.S. mission to report on the results of their negotiations before city authorities, who were the ones who placed the signs.

The signs consist of a small board indicating the address of the Cuban mission's building in Lexington Avenue and 38th Street. New York City Mayor Rudolph Giuliani replaced it with another small board bearing the name "Corner of Brothers to the Rescue," which is the name of a Miami-based anti-Cuban organization.

Rodriguez recalled that 46 days have elapsed since the mayor presided a ceremony. It is almost twice the 30 days the law stipulates to place provisional signs as a result of an executive decision without any reactions whatsoever, and additionally the U.S. mission has failed to answer a note Cuba sent on 8 June. [sentence as received]

He pointed out that the only result was the placing of a second sign, which is similar to the first one, at the corner across the street, following the attempt to place a floral wreath right next to the mission on 27 May, which the police did not allow.

He added that the warnings Cuba made to the committee on the consequences for the safety of its mission and personnel have run their course. In addition, the aggression and the offensive and denigrating actions against the personal and moral safety and the dignity of the diplomats have increased.

Rodriguez also recalled that a federal investigation ended with an emergency order to revoke the pilot's license of the leader of Brothers to the Rescue, which he described as a terrorist organization, as a clear indication that the government was aware of the group's illegal actions and flights and improper interpretation of civil aviation procedures.

The permanent representative said that the measure was correct, but it was too little too late. Had it been made earlier, the incident on 24 February, when two pirate planes of Brothers to the Rescue were downed following several warnings issued to make them desist from violating Cuban airspace, would had been prevented.

He affirmed that the United States took 10 months to evaluate what the perpetrators of these actions had publicly declared even on television.

Rodriguez maintained that the New York City mayor's actions worsened the lack of compliance with the host country's legal obligations, because the U.S. Government must have and indeed has the means to make local authorities enforce them.

The omissions in the compliance with the UN organizations' duties, he warned, could sent a wrong signal reinforcing the climate of impunity under which the terrorist and aggressive actions against Cuba have taken and are taking place.

To stress this opinion, Rodriguez cited public reports on the new provoking actions this Miami-based organization is planning.

The Cuban representative stressed that, if the committee fails to carry out tangible actions, fulfill its duties, and comply with the letter and spirit of the Vienna Convention on diplomatic relations, the UN Site Agreement, and other international legal instruments, Cuba will have no choice but to resort to the UN General Assembly.

Cuba: Commentary Says U.S. Wants UN Secretary General Out

PA2506004496 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Jun 96

[Station commentary by Orlando Contreras: "Washington Is Upset With the UN and Its Secretary General"; from the "National Radio News" newscast]

[FBIS Translated Text] The U.S. Congress, dominated by the far-rightists, dislikes the United Nations. Not a few congressmen have demanded that the United States withdraw from the organization. According to the France Press news agency, which quotes diplomatic officials without mentioning them by name, the United Nations sometimes takes up pro-Palestinian or pro-Cuban positions that irritate Washington.

According to the same sources, the United States would like to restructure the United Nations to serve as an instrument of its national interests. One of the forms of pressure that Washington uses is to economically strangle the United Nations by spacing the contributions it has pledged to make. The United States owes $1.6 billion of the $2.6 billion owed by the 185 UN member countries. In other words, Washington is responsible for 61.5 percent of the UN international community's debt to the United Nations.

According to several sources, the U.S. payment of quotas to the United Nations is conditioned on changes in the organization, including the removal of current Secretary General Butrus Butrus-Ghali, whom Washington does not want in the post for the next five-year term.

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Clinton has personally said that the decision to block Butrus-Ghali's reelection in November is irrevocable.

Because the United States belongs to the group of privileged countries with a right to veto in the Security Council, Butrus-Ghali would not be reelected even if all the UN member countries back him. This is exemplary proof of democracy.

With this decision, the White House bows before the far-rightists in Congress and, with an eye on the elections, Clinton believes he reinforces his [words indistinct] image by again regarding his country's foreign policy as a function of the elections. The chauvinism, xenophobia, and hegemony of the unique U.S. presence in the world apparently are being echoed by the U.S. politicians' electoral clientele.

I think Butrus-Ghali's term as secretary general has not been flawless. He opened his mandate with a speech that violated a cardinal rule of international law and the UN Charter itself: the undisputed and undisputable sovereignty of countries, big or small, rich or poor. Instead, he favored a shared sovereignty in a global world which, in practice, as the facts have proven, only favors the powerful, including the strongest of all, the United States.

His support of humanitarian intervention is also questionable. But, giving the excuse that Butrus-Ghali is not able to reform the UN's bureaucracy, Washington seeks the secretary general's subservience. When Washington failed to obtain this, it castigated him by vetoing his rights.

Cuba: Report on Robaina's Visit to South Africa

PA2106184096 Havana PRENSA LATINA in Spanish 0024 GMT 20 Jun 96

[FBIS Translated Text] Johannesburg, 19 Jun (PL) — Cuban Foreign Relations Minister Roberto Robaina arrived today in South Africa for what is described by the official and government media of the South Africa Nation as an official, diplomatic, and political solidarity visit.

The announcement of the arrival of the Cuban Foreign Relations Minister has raised great expectations here in recent days because of Foreign Affairs Minister Alfred Nzo's comments regarding how friendly the relations between the two nations are.

Robaina began an intense agenda with a meeting with Premier Tokio Sexwale, the cabinet, and the leader of the Parliament of Gauteng, a Zulu word that means land of gold, the province where the capital, Pretoria, and Johannesburg are located.

Robaina also held a fraternal meeting with the leadership of the African National Congress (ANC). Walter Sisulu, the historical leader of the struggle against apartheid, and considered as the political father of President Nelson Mandela, and ANC Deputy Secretary General Cheryl Carolus, also attended the meeting.

The Cuban diplomat held other meetings with the leadership of the Communist Party of South Africa, led by its maximum leaders Charles Ngangulu and Jeremy Cronin, with the leaders of the Congress of South African Trade Unions (COSATU), and representatives of the powerful mining union.

Besieged by the local and foreign media since his arrival, Robaina had to answer the one question that was constantly being posed by the media and the hosts: When is Fidel Castro finally coming to South Africa?

According to the South Africans, the country is making intense preparations for Castro's visit, which will be considered a national event, because they view the leader of the Cuban Revolution as a liberator of Black Africa and a fighter against apartheid, who lead the Cuban effort to strengthen the independence of Angola, accelerate the independence of Namibia, and cause the collapse of the segregation system in South Africa.

Reporters, who remembered the Cuban leader's visit during the inauguration of their new government, began asking at random whether Fidel had accepted President Mandela's invitation and when that much-awaited meeting would take place.

Robaina replied: that is why we are here, to confirm that Fidel is very honored to be invited and has given his word he will visit South Africa as soon as the working agenda of the two leaders and his numerous national obligations permit the visit.

Another issue on which the authorities, politicians, and the media agreed was in expressing infinite gratitude to the Cubans for their role in the independence of Africa, specifically, for their resistance and dignity in the face of much aggression for so many years, which, according to Sisulu, was always an inspiration to the ANC.

A third issue aroused the feelings of the South Africans: The vigorous rejection of the U.S. Helms Burton law, which hardens the blockade against Cuba, regarding which the South African expressed their desire to initiate political, diplomatic, commercial, and cooperative actions, in a grateful and united response by the South Africans to their Cuban brothers during this difficult moment.

Visibly moved by the continuous display of affection and respect toward Cuba, Robaina explained that Africa

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was not in debt to the island, but that, in truth, the Cubans were in debt to the continent which had bequeathed them, with their blood, the finest traits of the African character which Robaina described as valor and dignity.

Nothing which Cubans have done or will ever do for Africa, including the lives we sacrificed for the independence of its peoples, can be seen as an African debt toward Cuba, Robaina said. You owe us nothing, because we acted for the love of freedom, principles, and life, Robaina added.

This includes the different areas of cooperation: health, education, scientific-technical, and other areas; because for us, the many lives which we can save, the persons who receive the light of education, and the works that can make more humane the lives of nations that are much poorer than ours, are worth much more than any economic gain to be had, Robaina explained.

The Cuban foreign relations minister evoked the memories of the Cuban internationalists in Angola, including his own memories, of when the racist invaders were expelled to the Namibian border, and described the emotion of being able to walk through the streets of a new South Africa.

Moreover, Cheryl Carolus emphasized the special way in which ANC leaders had learned from the Cuban struggle against the U.S. empire, which convinced them that if a small island could resist for so many years with such dignity, the black people of South Africa could some day defeat apartheid.

The news that the Caribbean nation had not only resisted the worst moment of its crisis, but was recovering and showing positive results, was a motive for great satisfaction for everyone, especially for the communists, because of their close and historical ties with the Communist Party of Cuba.

Robaina arrived at the terminal area in Johannesburg from Maputo, Mozambique, and was met by Guateng Premier Tokio Sexwale, representatives of the presidential office, the local foreign ministry, and the provincial government.

Dozens of workers of the "Jan Smut" Airport also greeted Robaina spontaneously, with much enthusiasm, and expressions such as: "This is the man," and "This is Fidel's envoy." Some of them clapped and danced steps from the traditional toyi-toyi before him.

Cuba: Robaina Visits South Africa, Signs Joint Communique

PA2306035896 Havana PRENSA LATINA in Spanish 2337 GMT 20 Jun 96

[FBIS Translated Text] Cape Town, 20 Jun (PL) — The Cuban and South African foreign relations ministers, Roberto Robaina and Alfred Nzo, respectively, today signed here a joint communique on bilateral relations and international and regional issues of common interest.

The two diplomats agreed to promote an international order and security that will interrelate political, economic, social, and environmental factors, will promote cooperation and peace among the states, and will completely eradicate weapons of mass destruction.

They also supported the promotion and implementation of mechanisms aimed at promoting bilateral trade and investments, as well as at identifying and contributing to the development of new exchange opportunities and expediting the ongoing negotiations to reach new agreements in areas of mutual interest.

According to the communique, there was a broad exchange of ideas on the U.S. law (Helms-Burton) that toughens the siege on the Antillean nation, and South Africa rejected the law's extraterritorial features, which adversely affects third states' sovereignties.

The signing of the agreement took place at the end of the official talks the representatives of the two nations held at the local Foreign Ministry. During these talks, the ministers said that they were pleased with the sincere and friendly nature of the contacts between the two governments.

Robaina expressed a renewed friendship and solidarity toward the South African people, while Nzo again thanked Cubans and Havana authorities for the support they offered for many years to South Africa's fight against the apartheid.

As part of today's agenda, the Cuban foreign minister also met with South African Health Minister Nkosazana Zuma, whom he thanked for her personal contribution and courage to instill a practical meaning to the excellent relations Cuba and South Africa maintain.

Dr. Zuma has zealously promoted and defended Cuba's medical solidarity with black South Africans and has, therefore, been the target of criticisms and pressure from society's ultra-rightist segments.

In this regard, Robaina pointed out that these circumstances make the Cuban doctors who render their services in 36 South African communities more steadfast

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in their commitments, because, in addition to the duties they have toward the Cuban people, they must return the trust South African leaders and people have in them.

The health minister explained to Minister Robaina the concepts of the local health system and stressed the excellent reception the island's doctors had in the black communities and how many of them have learned to talk with the people in their local dialects.

Many of those who opposed them now respectfully approach them and want to travel to Cuba to see with their own eyes the hospitals from where they came and the island's health system, as well as the possibilities of investing in or producing along with the Cuban medical-pharmaceutical industry and biotechnology sector, Zuma affirmed.

Earlier this morning, the Cuban Minrex [Foreign Ministry] head met also with President Nelson Mandela, to whom he delivered a personal message from Cuban President Fidel Castro.

Robaina arrived at midnight last night in this city located in the southern tip of the African continent, where the National Parliament and the Pretoria Government's alternate seat are located.

Cuba: Robaina Addresses South African National Assembly

PA2406021996 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 22 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] Various South African Government personalities and members of the South African parliament today told Cuban Foreign Minister Roberto Robaina that millions of people await Fidel to see and greet him. On his third day there, Robaina met with National Assembly President (Frenegin Wallah) and relayed to her an invitation by her Cuban colleague Ricardo Alarcon to visit our country.

Robaina appeared before the National Assembly's Foreign Relations Commission, where he lectured about Cuba's political system. All those present rejected the U.S. blockade against our country.

Cuba: Robaina Meets South African President Mandela

PA2406021896 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Jun 96

[Report by Jose Mayo; from the "National Newscast"]

[FBIS Translated Text] The head of Cuban diplomacy is on an official visit to South Africa. In Cape Town, he met a few days ago with South African President Nelson Mandela and other government authorities.

Tomorrow, Sunday, the Cuban foreign minister will visit the Soweto neighborhood, a symbol of the South African people against apartheid. On Monday, 24 June, he will travel to Northwest Province, from which he will later travel to Botswana.

It is in this last country in which the current tour of the Cuban foreign minister to various countries in southern Africa concludes.

In Robaina's meeting with Mandela, the South African president repeated the invitation to Commander in Chief Fidel Castro to visit South Africa soon.

Cuban Ambassador to South Africa Angel Dalmau said the following:

[Begin Dalmau recording] President Mandela, in his meeting with Minister Robaina, reiterated last year's invitation to the commander in chief and said that he, his government, and the South African people are very interested in having the commander in chief visit South Africa. This has not yet taken place, due to the workload of both presidents. Minister Robaina explained that the idea now is to find the right moment soon.

Journalists have raised that question in every place where the minister has visited. There is tremendous interest, and everything is ready to find an opportune date. The invitation remains open, and there is a wish to fulfill it. Everything is ready for this visit whenever it is possible. [end recording]

Cuba: Robaina Pays Homage to Antiapartheid Fighters

PA2506042596 Havana PRENSA LATINA in Spanish 0000 GMT 24 Jun 96

[FBIS Translated Text] Johannesburg, 23 Jun (PL) — During his visit to Soweto, which is a historic black neighborhood located in the outskirts of Johannesburg, Cuban Foreign Relations Minister Roberto Robaina today paid tribute to those who fought against the segregationist apartheid system.

Upon their arrival, Robaina and his entourage were welcomed by Jeremy Cromin, vice secretary general of the South African Communist Party; Mikixayiya, political adviser of Prime Minister Tokio Sexwale; and other African National Congress (ANC) leaders.

The cradle of racial struggles from the fifties and the site of the ANC's foundation, Soweto became known worldwide after the tragic events of 16 June 1976, which culminated in a massacre of students by the racist police and a rebellion by blacks throughout the country.

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The Cuban foreign minister and his entourage toured the 3,000-bed Soweto Hospital; the Orlando Stadium, site of large political events; and the university, from which have emerged many of the ANC's foremost leaders.

They also visited the gigantic cemetery in which hundreds of thousands of victims of racist repression are buried, and they stopped at the grave of Joe Slovo, top leader of the Communist Party, who died in January 1995.

Impressed by the size of the burial ground and the shacks visible on the horizon, Robaina pointed out how extraordinary it was for the Cubans to visit a bastion of the struggle for the equality and human rights of men, and to remember not only those who are buried here but also the many who did not even have graves.

The top Cuban diplomat displayed interest in the improvements in education and health services since President Nelson Mandela has taken office, and he was informed that for the first time in Soweto's history those services are offered free of charge.

Cromin, meanwhile, drew attention to the hundreds of thousands of people who are unemployed, and the many others who work outside of the neighborhood, due to which Soweto has become a gigantic dormitory to which its inhabitants return after working elsewhere.

The Communist leader pointed out that in South Africa there are many other Sowetos, and that if the Cuban foreign minister had to travel over 18 hours to come from Latin America's Third World to Africa's First World, in only 30 minutes and without leaving South Africa, he had returned to the Third World.

Robaina and his entourage later visited the home of veteran ANC leader Walter Sisulu, the home where Nelson Mandela lived in 1963 when he was arrested, and the 16 June memorial, erected at the site where teenager Hector Petersen was murdered, unleashing the events of 1976.

Soweto, once the largest ghetto in all of South Africa, with almost 4 million inhabitants, is loaded with history. At various places there are reminders of the uprising, and many families saw the lives of their relatives taken by the antiapartheid struggle.

Cuba: TV Reviews, Assesses Fidel Castro's Trip to Turkey

PA2406235496 Havana Cubavision Network in Spanish 0030 GMT 22 Jun 96

[Review of Castro's 13-14 Jun visit to Istanbul, Turkey — recorded]

[FBIS Summary] This 25-minute review leads with an announcer recalling Castro's arrival in Istanbul on 13 June.

A recording of a brief discussion between Castro and correspondents follows, during which Castro expresses his happiness at being in Turkey and his readiness to defend the people's right to suitable housing at the upcoming UN-sponsored Habitat II Conference.

At 0032 GMT, the announcer recounts Castro's meetings with the Turkish prime minister and Turkish president and talks of bilateral economic cooperation.

At 0035 GMT, Castro's 11-minute address to the Habitat II Conference is carried. He reminds that the world's population has grown over centuries of colonialism, condemns wasteful societies and the economic disparities between rich and poor nations, and laments the declining morale of Third World peoples. Castro blames industrial reconversion and technology for putting people out of work and urges conference participants never to forget the importance of those producing food in the rural areas. He asks: If rich countries become richer and poor ones poorer, how will we be able to feed, house, and employ people?

Castro then turns to the disparities between urban and rural areas, especially in light of the fact that the majority of Latin Americans are concentrated in urban areas. He considers the needs — water, food, jobs, education, housing — and troubles — crime, drugs, child abuse, poverty, hunger — of these masses of people. Castro asks: Is the state not allowed to help solve these problems?

He then stresses that suitable housing is one of man's inalienable rights and hails Cuba for joining governments and nongovernmental organizations that refuse to believe there are not enough funds to properly address the housing needs of all. Castro asks: How can we spend millions on weapons and military activities? He then repeats that suitable housing is one of man's inalienable rights.

At 0045 GMT, Castro closes his address to rounds of applause: "We have the right to live and to live in peace and with dignity. We have the right to work for our people. Criminal and unjust economic blockades should not be allowed. Let us not be exploited, looted, frowned

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upon, or treated with sickening xenophobia. We will continue to meet, struggle, and proclaim our truth to the world. In the end, we are the world. The world will not stand for masters or suicidal policies; the world will not stand for an egotistic, crazy, and irresponsible minority leading us to extermination."

At 0048, the announcer recalls that Castro and his delegation visited St. Sophia Church and the Blue Mosque during prayer time on 14 June. It is then noted that Castro opened a cigar factory to meet an increasing demand for Cuban cigars.

At 0051 GMT, Cubavision carries a recording of Castro's "exclusive" three-minute interview with Leyda Oma, a leading Turkish journalist, at the Bosporus Hotel.

He says during the interview: "Naturally, it was my duty to attend the conference. I was particularly encouraged to attend after hearing that those most responsible for the world's current problems would not be there. I think that they underestimated this conference, which addressed a most important issue. The Turkish president and the UN secretary in charge of human settlement problems — he planned the conference and has visited Cuba — invited me. This conference dovetailed with many activities in my country. I felt it my duty to come and reveal the truth at this forum. It bothered me to see the conference being underestimated. This encouraged me to participate. It had to be a short trip: Cuba is very far away and dealing with quite a lot, including the effects of the special period, the sugarcane harvest, the Helms-Burton law, and the stiffened blockade. I told myself: I have a duty that I must fulfill. I was at the Rio de Janeiro conference; I think it was important. I was in Copenhagen for the conference on social development; I told myself then that I must attend this conference as an expression of solidarity with countries struggling to overcome injustice."

The announcer then recalls that Castro also met members of his delegation on 14 June.

At 0055 GMT, the review ends with the announcer reaffirming: "The short visit to Istanbul served to proclaim, once again, at an important international forum, truths the Cuban Revolution maintains as a matter of principle, the truth about the world and the international situation. It also served to point out the general interest and sympathy that the Cuban Revolution and the figure of Fidel awaken in the Turkish people."

Cuba: R. Castro's Greeting Relayed to PRC Delegation

PA2206035896 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 19 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] Army General Raul Castro, minister of the Revolutionary Armed Forces [FAR], has sent a fraternal greeting to the PRC military delegation visiting Cuba.

First Deputy FAR Minister Division General Ulises Rosales del Toro relayed greetings from Army General Raul Castro to Colonel General (Zhou Ziyu), who heads the PRC military delegation. Other high-level FAR officials attended the fraternal meeting.

Today, the PRC delegation visited important military facilities. At the San Antonio de los Banos Fighter Base, they were briefed extensively on pilot combat training and the party's efforts at this base. They also visited the base's museum and talked with some of the pilots and technicians on guard duty.

In the afternoon, the PRC officers held a meeting at the Technical Military Institute, where they asked about the cadet training program and toured the institute's museum.

Cuba: R. Castro Requests Media To Report 'True Situation'

PA2106192696 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 21 Jun 96

[Report by Magaly Pupo; from the "NTV" newscast]

[FBIS Translated Text] In Holguin, General Raul Castro has pointed out the efforts the people are making throughout the country, especially in the sugar industry. During a meeting with journalists in the province, he praised the historic role that Radio Rebelde has played and exalted the responsibility that journalists have displayed in truthfully reporting the country's situation. Magaly Pupo has details.

[Pupo] The meeting between national radio journalists with Jorge Luis Sierra, first secretary of the Communist Party of Cuba in Holguin Province, was very interesting and of much news value. The meeting was attended by Companero Raul.

Sierra gave details about this province's economic and social life and also listed deficiencies and difficulties.

Raul Castro said it is important that the media report the true situation and that its criticism include ideas that

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may lead to the solution of problems, and he called for doing this patiently but firmly.

[Begin Raul Castro recording] It is important that, little by little, journalists improve upon their responsibility to report, after thoroughly researching the information, even if there are less articles, or less reporting, but while having good backing when they do report something, as we did with the letter [not further explained] we have, with everything backed and with pictures, as we showed out there during our meeting.

Every time somebody makes a mistake because of lack of time, carelessness, or for not researching — I am talking about journalists — this is used by bureaucrats, whose top dogma is that problems must not be made known.

This is the way it is. I know this very well. In Las Villas we were given a three-hour video. We reduced it to 15 minutes. This was during the days of the territorial meetings, in July 1994. We showed that video in the western region. We sent it to the Sugar Ministry. We wanted its opinion. We were going to show it. They said this would not help. I said: We shall see, let's show it.

Until that moment, the media, especially the party's mouthpiece, had been defending a great sugarcane recovery, and it was nothing but a great lie.

Had we not shown that video as it was shown — because although it was not public, it was nevertheless seen by 700,000 party militants, plus the youth, whom I also view as companeros — we would have continued talking about the sugarcane recovery, but we would not have achieved what we have modestly achieved and would have continued on our downward trend. [end recording]

[Pupo] On a request from correspondents, the second secretary of the party spoke about the work of Radio Rebelde during the insurrection.

[Begin Castro recording] Radio Rebelde played a vital role. I think it still plays this role. In those days we tried to listen to it when we were out of the Sierra Maestra area. I still listen to Radio Rebelde, like many others, in the morning while I shave, and to the "Doing Radio" program, during its 1300 newscast. I think it has a large audience. It has played, plays and must continue to play a role. It has a record, prestige. [end recording]

[Pupo] The minister, in addition to discussing other issues, congratulated the "Doing Radio" workers for the effectiveness of their journalistic work.

Cuba: R. Castro on Sugarcane Harvest in Las Tunas

PA2206142296 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 20 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] We begin this newscast with a report on Army General Raul Castro's tour through sugarcane, agricultural, and hydraulic facilities in Las Tunas Province.

[Begin recording] [Castro] I also want to emphasize the political importance of this sugarcane harvest throughout the whole country, where more success is shown in one province, while less success is seen in another, due to different reasons and different factors — objective and subjective factors.

However, we believe the efforts we have personally seen exerted in Holguin Province, when I had the opportunity to participate in its 4 June — no, its 14 June event in Banes, marking the end of the sugarcane harvest in the province — indicate that it will be the one that produces, and has produced, more sugar in the country. What I have personally seen here in Las Tunas, the efforts we saw being exerted in the province — in this case through the television newscasts — and your work are truly impressive and heart-warming.

We see barefoot personnel, women and men of different ages, carrying sugarcane from the fields to the boundary lines and roads, to avoid damaging the sugarcane shoots in the fields. This is something that really proves what we said two years ago on the Isle of Youth — that it can be done.

It is really heart-warming and encouraging to see the efforts being exerted by our people under the leadership of the party and the corresponding government agencies — in this case the Sugar Ministry. In addition, cooperation has been great, internally and among municipalities and provinces.

I came here, sent by Comrade Fidel, to see how the sugarcane harvest was going and what the Las Tunas people had to say. If the heavy rainfall continues it will be difficult to cut 21 million arrobas of sugarcane, above all when it is no longer feasible. If, as they say, they get four or five days of dry weather, they will again grind more than 1 million arrobas — 1.2 million as it was done barely one week ago.

Fidel recently came here and gave instructions to build this ditch. See the strength of the current! He did not see this.

[Unidentified woman] Yes, all this water would have stagnated in the sugarcane fields.

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[Castro] The water would have stagnated in the sugarcane fields. Just as Sierra [not further identified] and Misael [not further identified] told me, next year's harvest would be jeopardized were it not for these works, these ditches, these canals, and the improvement of the roads. It would have been impossible. What we need is for Saint Peter to give us a helping hand because the Cuban people, the sugarcane workers, and all those who are helping us to successfully cultivate the sugarcane harvest in this province, are quite determined to do this. If only Saint Peter would help us. [end recording]

Cuba: Vice President Lage Reviews Economic Measures

PA2306173796 Havana Radio Havana Cuba in Spanish 0000 GMT 20 Jun 96

[Report by Barbara Bethancourt from the "Evening Information Review" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] [Bethancourt] Any analysis made today on the Cuban economy and its subtle signs of recovery must take into account that it recorded a brutal 34 percent fall barely three years ago basically due to external events that triggered what has been dubbed the special period in times of peace. In 1990, Cuba started losing the partners with which it maintained 85 percent of its commercial relations. The disappearance of the socialist bloc and, above all, the disintegration of the Soviet Union signified the loss of a fair system of economic relations for the island, which included prices, markets, and technology. Starting with this system, the country redesigned its economy, because, among other reasons, the premature, U.S. harassment displayed in the blockade left it no options.

Now, the new reality of undergoing domestic adjustments and reinserting ourselves into the foreign arena are conditioned by the decision to preserve the social justice that has always characterized the island's revolutionary process. With these explanations, Cuban Vice President Carlos Lage delivered a speech to the participants of a regional meeting that parliamentarians held recently:

[Lage] "The measures we have taken stemmed from, first, a political position. We at the revolutionary directorate and at the party directorate decided the adjustment we inevitably had to make had to be made based on revolutionary principles and the defense of the social justice the revolution had proclaimed and had fought for all these years. Had this thought preceded the years of economic growth, this idea also would have had to precede the measures of confrontation and the crisis we were inevitably experiencing; therefore, reductions in the labor force did not take place, as all citizens kept their jobs. Factories did not close down even though they were not producing, and prices did not increase, because they were frozen. All products are practically distributed in a regulated fashion and in insufficient quantities due to the country's shortages. Policies for almost all citizens to deal with these economic difficulties were drafted."

[Bethancourt] These policies inevitably triggered negative consequences, such as, above all, the excess liquidity in the hands of people because of the deficient relationship between salaries and products in the market. These were the reasons that made the Cuban state start the implementation of a set of measures that can still be developed further:

[Lage] "Following are examples of such measures: the legalization of the tenure of convertible currencies, the decision to collectively lease a significant portion of state-owned land, collective leasing for workers, and even family leasing of nonproductive land or land for such crops as coffee and tobacco. Moreover, the state apparatus was decentralized and streamlined, and foreign trade also was decentralized. There was an opening to foreign investments and a deregulation of self-employment conditions. There were efforts to detect export and import markets for our products. With development, time, the country's resistance to the difficulties and the possibility of having been able to keep the economic and social order despite the extreme, material limitations we have experienced and continue to experience—what we call the beginning of a recovery process, which we believe will be long and difficult—are taking place."

[Bethancourt] In the last few years, the strategies we set started yielding results. In 1994, the economic slowdown stopped, and the GNP grew by barely 0.7 percent. This indicator had grown by 2.5 percent by late 1995:

[Lage] "With this process, we would say the results of the first quarter of 1996 confirm that the economy is indeed recovering. Regarding growth, we have forecast a growth rate of approximately 5 percent. In the first quarter of 1996, we recorded a 7 percent increase in the GNP, and we estimate the first quarter of the year will close with a similar figure. [sentence as head] We could say that this stems from an increase in virtually all the productions of the country's main exports and an increase in the number of sources of income. Sugar production grew by approximately 33 percent during the first quarter of the year. In addition, certain areas of the country that traditionally harvest in June are still producing sugar. We will conclude the sugarcane harvest with approximately 4.45 million metric tons

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of sugar. We set a goal to produce approximately 4.5 million metric tons. I repeat, sugar production increased by 33 percent compared to the 3.3 million metric tons produced in 1995.

"During this first quarter, the production of nickel grew by approximately 40 percent; tourism by approximately 45 percent; tobacco by approximately 25 to 25 percent [as heard], or maybe by a little bit more; and foodstuffs, mainly tubers and vegetables, by approximately 22 percent. In other words, if we consider the main segments of the country's economic activities, the results of the first quarter of the year are still more significant than the results obtained in 1995."

[Bethancourt] Alongside the economic recovery, encouraging results in the cleansing of domestic finances have been obtained; in this regard, measures ranging from the increase in the prices of nonessential products and reductions in the labor force to the ongoing implementation of a tax system have been implemented. The reevaluation of the domestic currency, which went from 150 pesos to the dollar in 1993 to 22 pesos to the dollar in 1996, is a significant result regarding this aspect:

[Lage] "These results stem largely from financing that we have been able to obtain and that we were unable to obtain in the first years of the special period. We believe that insofar as the country was able to resist and insofar as the possibilities the country had to overcome these difficulties were useful, financing, investment, business, and market opportunities started emerging. These are short-term, costly financings, meaning that a significant portion of the revenues the country collects as a result of its recovery must be allocated to honor its commitments; therefore, not all this growth benefits the people or triggers new investment or development opportunities.

There is a significant aspect we have to consider; that is, the cost of the resources the country has obtained to achieve this growth. As you know, as many of you know, we have no soft-term, foreign financing whatsoever from the World Bank, the IMF, or from the governments of developed countries, because the United States is blockading us; therefore, our financing is commercial in nature or comes from banks under the conditions I just told you. We believe these circumstances can start improving insofar as the country consolidates its economy. If obtaining new financing under longer terms cannot start improving progressively as long as the U.S. blockade is in effect, the financial terms of these credits can at least be improved insofar as the country's economy strengthens itself."

[Bethancourt] This is perhaps the most significant difficulty we are experiencing. Its solution becomes more complicated with the U.S. enactment of the Helms-Burton law, which will inevitably harm the economy and make its recovery more difficult:

[Lage] "We could even say this law has been harming us since the U.S. Congress started discussing it; in other words, the law's effects do not take place once the law is approved and will not take place once the law is enforced. The main, adverse effects of the law, according to the assessments we have made up to today, given the current circumstances, have been taking place since the law started being discussed and as a result of the law's intimidating effects because of the fear and concerns investors, financiers, and trading partners may have."

[Bethancourt] Lage believes, however, the law's effects will indeed be harsh yet circumstantial, because the country is creating the conditions to overcome them:

[Lage] "The climate to expedite again the capital investment process and financial possibilities will be created in the country to the degree the economy is able to keep strengthening itself, to the degree the international community's rejection is stronger, and insofar as time goes by and the companies that have decided not to participate or that have diminished their participation see that the law has no implications, that the law's effects do not pertain to their activities, that they can dodge these effects, or that other economic activities have been successfully carried out despite the law's conditions."

[Bethancourt] He has said the general behavior of the companies participating in the Cuban, economic opening for the time being has been to keep their projects and not to accept the U.S. law:

[Lage] "As for the future, I can say we can confront the law's effects for the following reasons. First, not all the world's companies conduct business with the United States. Tens of thousands of companies in the world conduct no business with the United States. Second, most companies that conduct business with Cuba do not do it by working on properties that belonged to U.S. citizens prior to the revolution. Third, the companies that conduct many of the activities carried out on properties that belonged to U.S. citizens can dodge the effects of the law through various provisos stemming from the globalization of the world economy without committing illegal actions or cheating. Fourth, many companies that may be investing in properties that used to belong to U.S. citizens are unwilling to accept the law's impositions."

[Bethancourt] Therefore, there are reasons to remain optimistic and pleased. We are realistically observing that the difficulties are still large, that the United

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States will not stop hindering our efforts, and that the globalization process entails risks, but we must also realistically admit that the country has demonstrated strength and possibilities of developing itself even amid these difficult conditions.

Cuba: Mexico's AMT Negotiating Sale of 500 Buses

PA2406170596 Mexico City NOTIMEX in Spanish 2138 GMT 22 Jun 96

[FBIS Translated Text] Havana, 22 Jun (NOTIMEX) — Businessmen from the Mexican Tranporters Association [Asociacion Mexicana de Transportistas — AMT] are negotiating the sale of at least 500 new buses with Cuba to renew the damaged transportation system of the Caribbean island, the state radio station reported today.

Radio Progreso quoted AMT spokesman Hector Carreon as saying that they are awaiting a Cuban Government decision to proceed with the sale, "and should the deal turn out to be favorable, we will go ahead despite the Helms-Burton law."

That U.S. law, which was promulgated on 12 March, hardened Washington's embargo against the island and included extraterritorial sanctions against persons, companies, and countries that negotiate with Cuba and that involve U.S. properties confiscated after 1959.

The Mexican Congress plans during special sessions in July to draft an "antidote" law to counter the effects of that U.S. legislation, which affects Mexican exchanges with the Caribbean island.

Should the deal with the AMT materialize, Cuba could ease its current public passenger transportation crisis, which along with food, medical, and electricity shortages, constitute the four "horsemen of the Apocalypse" of the economic crisis.

According to official statistics, buses in this capital used to make 30,000 rounds per day before 1990, but this figure dropped to between 5,000 and 8,000 in the past five years. The situation depends on the number of operational vehicles at any given time.

This problem is aggravated by a fuel shortage and shortages of batteries, spare parts, accessories, and tires. It is, however, sometimes alleviated by foreign donations and by the construction of gigantic trainbuses.

This vehicle, which involves body work adapted to a diesel-powered truck, has a capacity of little more than 300 passengers and was dubbed "the camel" by the citizens, because its shape resembles a long freight car with two "humps" on the ceiling.

The "camels," hundreds of thousands of bicycles, long walks, and the ever popular hitchhiking are the average citizen's main options in Havana and in the major cities of the island to reach work, school, or to visit friends and family.

Cuba: GRANMA Publishes Decree 209 on Internet Policy

PA2106183796 Havana PRENSA LATINA in Spanish 1454 GMT 20 Jun 96

[FBIS Translated Text] Havana, 20 Jun (PL) — A decree that outlines Cuba's policy and strategy for world information networks, was published today in the capital.

According to GRANMA, the Council of Ministers Decree 209 intends, through several regulations, to encourage Cuba's full access to Internet services and other networks, while at the same time watching national security and defense interests.

GRANMA says that priority is given to connecting legal entities and institutions that are of the greatest importance to the island's life and development.

The decree also creates an interministry commission dedicated to regulating the access and handling of Internet information and to supervising the development of domestic networks.

The commission is made up of representatives from the ministries of Science, Technology, and Environment [Citma]; Communications [Mincom]; Interior [Minint]; Justice [Minjus]; and the Revolutionary Armed Forces. The commission is presided over by the Metallurgy and Electronics Industry minister [Sime].

Some of his responsibilities will be to guarantee appropriate actions to be taken on possible unforeseen changes in technology and to make proposals on information security procedures.

According to Decree 209, which was approved on Friday, Citma will be tasked with keeping license records for the distribution of information over the networks.

Sime will be in charge of devising information policies for the state's central administration organizations, while Minint will work on information security.

Mincom will implement the necessary telecommunication structures for the networks' proper operation, and Minjus will guarantee the improvement of juridical protection to information security policies.

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Cuba, with its full access to Internet information services, expects to be an active supplier of information and not just a passive recipient.

For this, the island has highly-qualified scientists capable of successfully facing the so-called challenges of the "digital era."

Internet, currently the largest information network, has over 34,000 data bases encompassing practically all spheres of knowledge and over 2,500 electronic bulletin boards, services to which more than 36 million users are connected.

Cuba: International Seminar on Drug Abuse Held in Havana

PA2106201296 Havana Radio Rebelde Network in Spanish 1155 GMT 19 Jun 96

[Report by Luzmali Hernandez; from the "Doing Radio" newscast]

[FBIS Translated Text] The First International Seminar on Drug Abuse and Addiction is currently being held in Havana with the participation of specialists from Cuba, Argentina, Chile, Panama, as well as other Latin American countries.

Among the various topics being discussed are the effects of drug addiction on health, the personality of drug addicts, psychological and social factors influencing drug addicts, as well as mechanisms for the control and supervision of drugs by government organizations.

In the case of Cuba, important agreements have been signed on the control of drugs and narcotics.

We now hear from Basilia Lorenz, director of the Pharmacy Department of the Public Health Ministry, who talks to us about the control mechanisms for these chemical substances in our country.

[Begin Lorenz recording] These medicines circulate or are consumed depending on the needs of the national health system. We can say that this is part of the [words indistinct] because when you exercise control over these medicines, say morphine and other narcotics according to the established laws, you are preventing these drugs from going from the illegal channels, which are the ones we have control over, to the illegal channels.

We have taken on the task of preserving the health of our people and of preventing the drug scourge from overstepping the bounds of these control mechanisms. It will help us in the prevention of drug addiction. We try to prevent these drugs from getting into the hands of the drug traffickers, as it has happened in other countries. We are not immune to this problem, however, and if this control mechanism is weakened, we could be facing this same problem. Up until now, international organizations have congratulated us for the controls we have implemented. [end recording]

Cuba: Matanzas Hosts 'Moncada 2-96' Military Exercises

PA2406032196 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Jun 96

[Report by Candido Dominguez; from the "National Newscast"]

[FBIS Translated Text] The Moncada 2-96 exercises began early today following a decision made by Yadira Garcia Vega, president of the Provincial Defense Council, in response to a mock enemy attack on the territory. The exercises will conclude tomorrow.

The demonstration was organized taking into account current FAR [Revolutionary Armed Forces] tactics. It is intended to train participants in field missions, organization of cooperation between forces, and the use of troops during the struggle against possible air and naval landings.

There are participants from the Central Army staff; command units from various regular units; territorial troop militias; provincial, municipal, and zone defense councils; numerous permanent troops; reservists; and militiamen. Also attending is a high-ranking Minfar [Ministry of the Revolutionary Armed Forces] commission headed by Division Generals Ramon Pardo Guerra, representing the minister; and Jesus Bermudez Cutino, chief of directorate.

During these two days of military practices in Yumurino [Matanzas] territory, there will be fighter jet and helicopter flights, the single territorial air defense system will be activated and tested, and there will be a widespread deployment of communications systems.

Cuba: Restoration Program Extended to Municipalities

PA2206033696 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 19 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] The experience of the restoration program conducted in Havana's Cayo Hueso neighborhood will be extended to 10 de Octubre, Regla, Cerro, and Plaza de la Revolution Municipalities, as well as to Moa, Holguin Province.

In Cayo Hueso, 9,500 families benefited from repairs to their homes, and 102 housing complexes are being transformed in 10 de Octubre Municipality.

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Of the 19 bodies working in Cayo Hueso, 17 will complete their work next month, which signifies that this neighborhood's restoration will conclude this year.

[Begin recording] [Raul Diaz, president of Centro Havana's People Government, identified by caption] Centro Havana Municipality has the worst problem with housing. We have 50,000 housing units in our municipality and practically 86 percent range from medium to poor condition.

Cayo Hueso has become a laboratory from which other regions will gain experience. Moa is conducting a similar effort, particularly in the city, which has the worst situation with housing. [end recording]

The restoration program extends not only to the building's exteriors but also to the interiors of homes, roofs, and infrastructure. Havana's Construction Ministry has repaired 30 blocks and over 940 homes in Cayo Hueso. The master plan is more than 50 percent completed in this neighborhood.

[Begin Diaz recording] The people are sold construction materials at moderate prices and are repairing the homes themselves. We have today about 600 comrades that have no jobs, or had left school; there are many youths among them; and these people have now joined the program. They are working together with diverse ministries and bodies in the restoration of this People's Council. [end recording]

In Centro Havana Municipality, the restoration program is being extended to underutilized structures. Currently, 200 of these are being turned into homes. There is still much to be done, but the deterioration in the housing situation has been halted.

Cuba: Military Shipyard Expands Civilian Customer Service

PA2206044296 Havana Radio Rebelde Network in Spanish 1700 GMT 17 Jun 96

[From the "National Radio News"]

[FBIS Translated Text] As part of its productive reorganization [redimensionamiento], the Granma Military Industrial Enterprise has expanded its services at Casablanca Shipyard to include vessels belonging to the Caribe Navigation Enterprise and to several other foreign maritime companies, without decreasing the attention given to vessels used in the defense. Correspondent Margarita Torres has more details:

[Begin recording] [Torres] If we bear in mind that the plan for this year was for the Casablanca Shipyard to have approximately 4 million pesos in production [valores] and in May they already had 2.2 million, it is evident that the shipyard has begun to recover.

This has demanded everyone's understanding, and individual and collective effort from the men at the shipyard and dry dock. Today this translates into efficiency and quality. This is an aspect they are trying to improve, although it has been one year since they have had any complaints, according to Commander Guillermo Valdes Corroso.

[Corroso] We have created a quality control system. From the very minute the contract process begins, we agree with the client on the fundamental parameters... [pauses] the desired quality. Furthermore, we do not deliver the vessel or vessels if the client is not satisfied.

[Torres] Commander Valdes Corroso stressed that work stability is decisive in the Casablanca Shipyard's current results.

[Corroso] Currently, they have seen that in our socialist enterprise there are a series of advantages that they are not going to find in [word indistinct], well, this from the point of view of tension in the workplace. This has influence in attaining stability. I think that what has been decisive here is the attention that has been given to each worker. [end recording]

Cuba: Program Discussion Views Agricultural Prices

PA2306142696 Havana Radio Rebelde Network in Spanish 1730 GMT 20 Jun 96

["Straight Talk" program with TRABAJADORES journalist Eloy Concepcion and program host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] Our topic today is, why don't agricultural market prices go down? This is the question Eloy Concepcion of the newspaper TRABAJADORES asks today.

I believe this question is one most of the victims of the agricultural market are asking today. I imagine that the sellers are asking the question in reverse. Why not raise prices? I believe there is a fervent interest for profits and more profits.

[Concepcion] This problem is a rather complex one. The agricultural market is one of the best schools of capitalism here in our country; in other words, it is a sign of what at first was called supply and demand. It has not become supply and demand; instead, it has become supply only, and the people are demanding that prices drop. I do not know whether you realize there are fewer people making purchases in the agricultural

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market every day, and many of those who do make purchases buy very little.

[Rodriguez] I had the opportunity to visit several provinces these past few days, and my attention was drawn by the high prices all over the country.

[Concepcion] Yes. It is throughout the country; in fact, the prices of certain products in certain eastern provinces are much higher than here in the capital.

[Rodriguez] I was in Cardenas and Varadero recently, and pork prices were 35 pesos a pound.

[Concepcion] The eastern provinces are also expensive. For example, rice and beans are much more expensive than here in Havana; this also depends on the individual, private production of some of these products. I believe there are several factors. In my opinion, the basic factor is the middlemen. They are necessary in every trade. Those who sell there have enough money and seem not to care. There is no supply, no competition. In general terms, the agricultural market in the capital has become what many people describe as a mafia. I believe we need to defend the agricultural market. I am one who defends it all the way, but I believe things have gotten out of hand with the officials and organizations that should be checking on this point. This problem is one that we have reported here and that has not been resolved. When agricultural markets were first created, qualifications were mentioned. It was said at the time that the market would have qualified administrators and officials.

[Rodriguez] What happens with this question as for qualifications is similar to rating the food industry. A restaurant gets a good rating one day, and no one worries about whether this rating is being maintained or has been dropped. The same occurs with qualifications. Say, for a example, a person was qualified when appointed to a position, stopped being qualified at one point, but remains in that position.

[Concepcion] To learn the truth of the agricultural market, one has to go there between 0530 to 0600.

[Rodriguez] So early? Why not 1000?

[Concepcion] No, a bit earlier. One has to see the mafia in control. I say this without fear of being mistaken. This exists in most capital agricultural markets and is controlled at the sidewalk level.

[Rodriguez] Please do not generalize. During a recent program, Maso [not further identified] and I were making a similar analysis of the mafias, and a market administrator complained to us. He argued he has no part in this matter. We are saying all the markets.

[Concepcion] I did not say most but, rather, many, some. I do not say all of them. I do believe that this problem is a serious one and that the officials responsible for the problem have to confront it.

[Rodriguez] On "Straight Talk," Eloy Concepcion has asked a question and is trying to answer it: Why don't agricultural market prices go down? Because you have already asked this question, I tell you that certain prices have definitely gone down. For instance, I noticed the other day that the price of plantains, which was among the highest priced products, had gone down. In the agricultural market, secondary [segunda escala] products have gone down considerably price wise. You can even find the smallest type of plantains, which are sold at 1 peso, 1.5 pesos on sale; we did not see this before.

[Concepcion] I agree we should not generalize. I believe this issue is quite a complicated one. First, it pertains to the absence of state organizations in these places, and when they are there, they do not do their best to lower prices either. In other words, state enterprises do not try to lower prices as much as possible, but many state enterprises that are present in the agricultural markets are using the agricultural markets to make profits. They are not trying to make profits via their efficient and productive work but, rather, at the expense of the agricultural markets and high prices.

[Rodriguez] In other words, they are only interested in making profits.

[Concepcion] I am aware that this problem is a very serious one, and it involves the UBPC's [Basic Cooperative Production Units] and the enterprises of the Agriculture Ministry itself that go to the agricultural markets. This problem is also taking place—I do not know if you are aware of this point—in the workers' kitchens. In these places, prices have been increased dramatically through a number of subterfuges. For instance, lunch, rice, beans and so on, whatever is made every day is priced at 50 and 60 cents, but then they begin offering these special menus, and the workers end up paying 90 cents or 1 peso a day. My question is, how can a worker, with an average salary of approximately 150 pesos, be able to live paying 40 cents for the bus and 1 peso for his meal every day?

[Rodriguez] They actually pay more than 40 cents.

[Concepcion] Correct, 80 cents round trip for those who do not own a bicycle or must resort to [word indistinct]. Let's go back to the problem of agricultural markets. I believe this is the first problem; that is, that state enterprises are not present in the agricultural markets to push for lower prices. It is often said that the

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UBPC's and the state enterprises must participate in the agricultural markets; this is true, but their role should be to lower prices, because they are socialist institutions and must protect consumers as such.

[Rodriguez] We must say, however, that the EJT [Youth Labor Army] makes a good effort to lower prices.

[Concepcion] Yes, but I believe the EJT has been somewhat banned from entering the agricultural markets. These organizations must make their city rounds with their trucks, because control of the stands in the agricultural markets is a key problem; this is why I stressed the importance of going to these places at 0500 or 0430. I have seen trucks coming to the agricultural markets belonging not only to the UBPC's and CPA's [Agricultural-Livestock Cooperatives] but also to honest and hardworking farmers who want to sell their products there. These farmers have been forced to go to five, six, or seven agricultural markets in Havana City or to take their products to (Quilicanjo) or other municipalities, because the stands are under permanent control. Everyone has rented stands on a permanent basis; this is a reality and happens despite the presence of the intermediaries. This is why I use the word mafia, which, I believe, I am using correctly.

[Rodriguez] A mafia is an organization, a criminal organization. We might establish a parallel.

[Concepcion] The word mafia in Cuban slang, however, also describes tricksters and people who engage in illegal peddling activities, but these people are not your ordinary, sidewalk vendors; many of these people are rich; thus, they are amassing a large amount of money in their pockets. We wish we knew what purpose they have in their minds for the future.

[Rodriguez] Earlier, you made an interesting remark that should prompt the officials, leaders, and those responsible for these agricultural markets to meditate on this point. Why are prices uniform in more than 40 or 50 agricultural markets in the capital? Do they agree? What method, which I would describe as supernatural, do they use so they can reach an agreement of this type? It is as though there were a medium or someone to tell how high prices should go. I believe this truly points to mafia influence.

[Concepcion] You must understand that this is a reality and so is the control of the stands. The fact that producers or anyone who wants to sell there or sell at a lower price is not given a chance to do so is also a reality. These people buy the entire load, the entire truck load. I have seen them buy the entire truck load. As a result, we do not have a situation of an agricultural market of supply and demand. I reiterate the same point I raised before. I defend the agricultural markets, believe they must be maintained, but measures must be adopted to regulate these markets and make them decent. I do not believe prices should be regulated, but this problem should be controlled via a truly objective presence by the state enterprises and socialist institutions so they can work toward lowering prices.

[Rodriguez] I visited the El Rio market in Camaguey recently and talked to the administrator and other officials there. This specific administrator was assigned to the El Rio market early last year, and he told me his mission was to moralize the market. Last year, this market earned more than 1 million pesos for the state in taxes and other revenues, and this administrator worked on a number of formulas to earn much more revenues for the state. This man told me he was shocked at times, at the beginning when he just arrived in the market, by the things he used to see there. He is an economist, and his first move was to set up a control, and this control was to be included in the records kept on the market's transactions. Certain markets do not keep such records. We were looking at some of the accounting records kept at this specific market, and I can assure you that when an administrator truly wants to put a market in order, he can do it; anyone who doubts this only needs to go to the El Rio market in Camaguey and see how an administrator can put a market in order.

[Concepcion] I believe that. The problem is that the markets are not put in order because the administrators are unwilling to do so. The problem is that even if they do not participate directly, they allow others to cause this type of mess. Even if they are not taking direct part in these trickeries—and I am not saying that the administrators are responsible for these actions or that they are stealing and so on—I do believe they are turning a blind eye on this situation and are condoning these actions. There are even certain agricultural markets—I do not know if you are aware of this—that are already selling clothes and other goods. Thus, the original idea is already being distorted. I believe this idea of the agricultural markets must be defended at all costs and should not vanish. The appropriate measures must be adopted. I believe Havana City has been quite slow and lax about enforcing regulations, just as it has happened with the public health problem. Where do they inspect the things sold there? When have you seen a public health or finance inspector? I have spent hours and hours there. So why do we have inspectors or is it that the risk exists that the inspectors may be corrupted by this situation?

[Rodriguez] For example, you have price inspectors because you have to know whether the scales are rigged. As a rule, you are swindled at the farmers market.

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[Concepcion] Yes, with the scales. The other problem is that these comrades, gentlemen, call them what you may, who sell or that these middlemen or merchants, to use the better term, at the farmers markets have a certain amount of money. I would say many of them are wealthy. They have spread the word that taxes are to blame, but these same gentlemen, or comrades, call them what you may, also use the health services. Health services and education are free to them. The state, in fact.... [pauses] One would have to ask from where did they obtain the fertilizer for the stuff they are selling there? From where did they get the oil? The state has to spend foreign currency to purchase it so they may use their cars and trucks. That oil is so costly because it has to be paid in foreign currency; it costs us money; yet they do not want to pay taxes. They want to be absolutely wealthy people. We have to use the word absolutely there and should not be criticized if we call them mafiosi. I do not believe all of them are mafiosi, but what is absolute is how they defend their pockets.

The state has to guarantee the defense of the consumer or the people, or else we will let the situation slip out of our hands.

[Rodriguez] We have talked without mentioning names. We are saying this situation has to be resolved, something which has to be done, which cannot be allowed, but the farmers market has a first name and surname; it has state owners. The Domestic Trade Ministry....

[Concepcion, interrupting] But basically the National Assembly of the People's Government [ANPP]. It is not exactly the Domestic Trade Ministry. It is the Agriculture Ministry; that is the exact term. Also, the comrades of the Council of the Administration of the People's Government in Havana have been unable to resolve this situation and are letting it grow. They are creating a situation that is really....

[Rodriguez, interrupting] Not just in Havana.

[Concepcion] I am saying Havana because I think this is a more common occurrence here. You have the administration councils, the people's councils, and there is some order. You cited the example of Camaguey, but I think the situation in Havana has slipped out of the hands of the ANPP, the administration councils, the Domestic Trade, Public Health, Finance and Prices, and Agriculture Ministries.

Cuba: Fortifications Ready on Isla de la Juventud

PA2206021996 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] In response to a request from the local Defense Council, a commission from the Ministry of the Revolutionary Armed Forces visited Isla de la Juventud to witness firsthand the current state of construction of fortifications [obras protectoras].

[Begin unidentified speaker recording] The commission has agreed, once all the established prerequisites have been complied with, to declare the special municipality of Isla de la Juventud a municipality with a protected population. [end recording]

During the last few years, but especially during the first six months of 1996, the municipality's work has been outstanding in the area of fortifications. Numerous firing positions, hundreds of shelters, and thousands of meters of tunnels — that during peacetime serve social functions — were constructed.

This effort — which shows a strong mass movement — also earned recognition from the Cuban Workers Federation, which presented the outstanding defense work award banner to a group of construction workers.

If up to now the territory has been a bulwark, now it will be even more so with its population protected.

Cuba: 'Straight Talk' Discusses Efficiency Goals

PA2106160696 Havana Radio Rebelde Network in Spanish 2245 GMT 14 Jun 96

["Straight Talk" program with TRABAJADORES journalists Renato Recio and Eloy Concepcion and program host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] Good afternoon friends, this is "Straight Talk" here in Rebelde. The efficiency we need for the 1997 plan is today's topic with journalists Renato Recio and Eloy Concepcion. I would then ask, what do we mean by efficiency needed for the 1997 plan? Renato.

[Recio] Osvaldo, that question is too long for one person to reply in such a short time. There are just too many topics dealing with efficiency that need to be discussed. But I will mention just a few, which I believe at least, to be fundamental. First, I will mention unprofitable enterprises that the state subsidizes. These enterprises cannot remain indefinitely in that situation because the national budget cannot bear a deficit situation for very long. These enterprises are contributing to the state's deficit.

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[Rodriguez] I have been hearing you talk about this same topic for several years. It was even said at one point that unprofitable enterprises would be shut down. Only enterprises whose production was deemed to be essential would remain operating with the state paying the costs. Why are we still talking about unprofitable enterprises?

[Recio] You may have heard that, but the truth is that this is not the Cuban Government's policy. No enterprise such as [word indistinct] will be closed...

[Rodriguez, interrupting] But I remember you said this in a "Straight Talk" program before.

[Recio] I may have said that there is a firm, sustained, and rigid policy that an unprofitable enterprise must show why it is unprofitable. You can well imagine that if suddenly, through a decree, subsidized enterprises were to be shut down, numerous workers would be jobless. What would be gained... [pauses] No abrupt changes are ever made here, have you not noticed, Osvaldo?

[Rodriguez] None of the changes made were made traumatically; everything [word indistinct] and everything has to do with prospective development.

[Recio] One needs to firmly maintain this policy. I say that precisely now in these assemblies to set the 1997 efficiency goals, workers and the administrative leadership in each enterprise have to emphasize the solution to this problem. This is one of the issues that I feel is important.

[Rodriguez] But in the previous process, when these assemblies for economic efficiency began, development prospects were also emphasized. Let us see what Eloy thinks of all this.

[Concepcion] The problem is not so simple, Osvaldo. I know you have your doubts. I am also glad you have been sincere, and have expressed those doubts here in the program, as you always do. The problem has another path that should also be analyzed. There is another problem that needs to be addressed. There are enterprises that have become profitable by going on the market with the same prices as the private ones. This is a very important element.

[Rodriguez] The easiest way to be profitable is through...

[Concepcion, interrupting] That's why... [pauses] And the other easy way is what you suggest: to close down unprofitable enterprises. In a country that for many years suffered from generalized unprofitability, because of the reasons we all know of, and then suddenly adopts abrupt measures... [pauses] What I do not know is if what you said was that you favored a shock treatment?

[Rodriguez] No, I want to clarify that I do not favor anything. I spoke of what had been said here in the program. Let us see, Renato.

[Recio] Look, right now, Osvaldo, you were saying that this problem of ending unprofitable enterprises has been discussed for a long time. You said that in the previous assemblies for efficiency this topic was also discussed. But I want to clarify the following idea: Workers and the union movement have been strengthening these processes since the meetings in the workplace began two or three years ago.

[Concepcion] The assemblies for efficiency came before the meetings in the workplace.

[Recio] No, no, no; first came the meetings in the workplace where macroeconomic problems were discussed. In other words, the short-term measures that were going to be taken about financial clean-up. You will recall that some measures seemed to harm some of the interests of the workers themselves but were instead aimed to benefit the overall economy by creating firm trends toward clean-up and monetary balance. This process is different, and this must be kept very clear, because for the first time, what workers discuss will be part of the economic plan. This is truly a difference that must be taken into account.

[Rodriguez] The efficiency we need to implement the 1997 plan is the topic we are discussing with journalists Renato Recio and Eloy Concepcion today.

[Concepcion] These assemblies, which I must clarify are different from the previous ones, will attempt to incorporate, by all means, the ideas and opinions of workers since in many work centers no figures are available for the 1997 plan. In other words, we will incorporate the workers' ideas on how, working with a high degree of efficiency, we can implement a plan that will help companies make profits in less than a year or in the short term. This is important because the main problem of our economy is efficiency.

For instance, the energy problem. Last year, the country's economy grew by 2.7 percent and so on, but the consumption of oil or fuel is also on the rise. This is a problem that clashes with our national reality and it must be resolved through efficiency by each labor group in each work center so that we can save fuel. This is truly a decisive element regarding efficiency.

[Rodriguez] These two assemblies truly constitute an answer to a summons by the state regarding the need for people to prepare themselves well for the 1997 plan. My question is: What will be the difference between the efficiency we will need in 1997 and the efficiency we

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need in 1996, as we are practically in the second quarter of the year?

[Concepcion] If you examine the summons by the National Committee of the CTC [Cuban Workers Federation] in these assemblies, you will see three steps: 1. The review of the agreements reached in the previous period, including those assemblies in which we discussed the efficiency problems as viewed from the thesis of the congress; 2. [25-second break in reception] ...to save oil in the year [word indistinct], which is not our goal. This is about saving 3 percent of the oil used in a specific area of work. We must do this through specific, well-defined measures. There must be someone who is responsible for the implementation of the plan and a deadline to implement it. You must have realized that this is quite different from what has been often done.

[Rodriguez] What will happen to those who fail to comply with these goals?

[Concepcion] These goals will be reflected by the final figures. Those figures will show that a specific group said it would save 3 percent; therefore, the allocation of oil for that specific group will be in terms of its efficiency goal and its production plan or services. Do you see the problem?

[Recio] As a result, the group that does not comply has simply failed to comply with the plan. The failure or success to comply with the plan will reflect on the leader's ability. I do not believe that radical measures will be adopted against those who fail to comply with the plan, because we must bear in mind that in the socialist system, particularly our socialist system, coercive measures will never be our main path, but rather those measures that result from the will, the conscience of the workers.

[Rodriguez] However, I believe that even though those coercive measures are not the solution, I do believe that within this framework of efficiency, we must also incorporate elements that are being demanded by the state, the government and the country. This efficiency also entails having efficient officials and leaders. In other words, we cannot continue and therefore, the economy cannot continue to accept, over the years, that those comrades who are leading a company continue to be inefficient due to irresponsibility or incompetence.

Today's topic is the efficiency goals for the 1997 plan with journalists Renato Recio and Eloy Concepcion. Renato.

[Recio] Look, you were basically talking just now about the issue of sanctions against enterprises that do not meet the plan.

[Rodriguez] No, no, no; we were not talking about sanctions. I simply asked what will happen.

[Recio] I understood that you... [pauses] to think of sanctions for noncompliance is very valid. There are two ways of looking at the problem, there is the reward and the sanction. The enterprise that complies, and here we have the essence of the problem, thorough positive economic results and increased efficient production, should see the benefit of this action. This, I believe, is where the basic problem lies. In other words, if the enterprise saves oil and produces much more with less, then the workers should experience an improvement in their standard of living, in their income. All of this encourages conscientious work. I believe we have completely left behind that bipolarity [words indistinct] situation, for moral and material encouragement. Nowadays, we understand that both are part of the overall thing. When you offer the correct material incentives based on true situations that is tantamount to awarding a moral incentive.

[Rodriguez] I somewhat agree with those guidelines. Nevertheless, I believe that if we really want to take seriously the term efficiency, we must ensure that when there is none this must be felt by each worker. Efficiency is not taken seriously unless each worker feels it. All this is called coercive measures, but I say that this is applying socialism, each according to his work. If each person is not efficient and each person's work is not efficient, then he should not receive the same as the efficient person. You may accuse me of anything you like, but all I am doing is defending socialism.

[Concepcion] But I do not agree with equal treatment. But what often happens in a work center and an enterprise is that all inefficiency cannot be blamed on the workers.

[Recio] I am not talking about workers, I am referring to the individual.

[Concepcion] Excuse me a moment, I believe efficiency has to be total. If you go to an assembly on efficiency and it is pointed out that fuel needs to be saved, and that in such and such work area fuel is being wasted; or when certain equipment is not working as it should and workers and technicians entrusted with this are present; it is inconceivable for an official in that enterprise to waste fuel in cars belonging to the enterprise because he is squandering resources that cost his pocket nothing. That man should then pay for that.

[Rodriguez] Then each person's pocket and standard of living needs to be affected.

[Concepcion] Like Renato said, I also believe in rewards. I believe efficiency also needs to be rewarded,

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but there must be great vigilance to ensure that this efficiency must be total and the same for everyone.

[Rodriguez] Judging by Renato's face I believe he does not totally agree with our idea.

[Recio] I am noticing that you are somewhat unaware that a slogan, a formula, or a law can be applied. I fully agree with the socialist distribution principle, with each receiving according to his capacity and according to his work. But we then go back to the beginning of this discussion: Is it right to do this with unprofitable enterprises? To go a step further and to say: because you are unable to comply with efficiency I will shut you down.

[Rodriguez] That would be an absurd application of socialist principles, a non-socialist application of a socialist principle. Socialism does not deal only with economy and economic laws, it also deals with politics and mankind. This is precisely what has made possible this people's heroic resistance. The mechanical application of certain ideas was something that also destroyed the socialist experiences of other countries.

[Recio] I somewhat disagree with you on the causes of the downfall of socialism in those countries. What we need to do is to stop applying mechanically things that we already have. Resistance also needs to be efficient. We need to save the country through efficiency.

[Rodriguez] Undoubtedly, we are talking of socialism without paternalism. Many thanks Renato Recio and Eloy Concepcion for bringing to us this interesting and polemic topic of efficiency.

Cuba: Commentary Discusses Expected Growth in Economy

PA2206042096 Havana Radio Rebelde Network in Spanish 1700 GMT 17 Jun 96

[Commentary by Orlando Contreras; from the "National Radio News"]

[FBIS Translated Text] This year the nation's economy should grow — or recover — by 5 percent, according to official estimates, which have been confirmed at the governmental level during the last few days. This is excellent news, because it confirms that we are going down the right path.

In Cuba there is sufficient exemplary cohesion and values to recover from a terrible economic crisis, in which we are besieged by the blockade, without the influx of foreign aid, or fresh credits that are available to all Latin American countries and to the majority of Third World countries.

Even though reform and opening to foreign investment — under mutually advantageous conditions — are policies that are currently in place, the basic factor for the current economic recovery has been national investment and the nation's entire effort.

This does not mean that we are unaware of the driving force behind reform and the opening. It is only an account of the realities and, if you will, an expression of the desire that contributes to this intensity, that is accelerating the recovery and growth of the nation's economy.

As yet, the gradual improvement of the economy does not have substantial effects on the population. In other words, we have not yet attained the standard of living that we had at the end of the last decade. However, we are going down a sure path that will serve to leave behind the special period and initiate a take-off, not only in statistics, but on the table, in the home, at work, and in everyday life.

What we have attained so far is a product of everyone's efforts, of the unselfish sacrifice of all Cubans, and primarily that of the woman. She is the one who bears the weight of the home in a difficult situation, and she continues to endure the double burden.

From this point on, what we attain will also be a product of our work, discipline, creativity, and everyone's efforts.

Cuba: Commentary Views Actions Against Drug Trafficking

PA2206054096 Havana Radio Havana Cuba in Spanish 0000 GMT 21 Jun 96

[Commentary read by unidentified station announcer; from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuba's privileged position in the so-called belt of the American continent makes this country an almost unavoidable transit point for drug shipments from the south to the country with the highest demand for this sordid merchandise: the United States.

Cuban authorities have seized large shipments of drugs; the drug traffickers have been severely punished; and their merchandise has been destroyed. Detecting these activities has always been one of the main missions of the Cuban coast guard units that constantly supervise the island's airspace and waters. Aware of that policy, for a long time drug traffickers have been using the tactic of dropping in Cuban territorial waters drug shipments that are well-packed to protect them from the sea water until they are picked up by speedboats that take them to the profitable U.S. market.

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A few days ago in Guantanamo Province — the same province where the U.S. Naval Base is located — a trial was held against 19 drug traffickers who were arrested for their participation in this type of activity. Cuban courts have judged and severely punished many others. Authorities have publicly burned large drug shipments so there will be no doubts about their destruction. In that sense, Cuba has cooperated with U.S. authorities to the extent possible.

On occasion of the 35th anniversary of the Cuban Interior Ministry, Cuban President Fidel Castro demanded that the country's Armed Forces apply a hard-line policy against drug trafficking. The Cuban president stressed the government's steadfast determination to prevent Cuba from becoming a transit point or drug consumer with the economic opening and the bonanza of tourism. Within that context, Fidel Castro praised the actions adopted by Cuban authorities in charge of maintaining public order.

Recently, Attorney General Juan Escalona announced that penalties for drug trafficking will be increased, as well as punishment for other crimes that reappear at times of crisis and economic opening, such as corruption, prostitution, and other related vices, which have recently increased in Cuba. For a long time the country was free from these social maladies, not only because of the actions adopted by the authorities, but because there were no encouraging factors or favorable conditions. Cuba promotes a healthy tourism, free from the scourges that have traditionally affected the so-called pollution-free industry. In the center of that policy is the all-out repression of drug trafficking, a dangerous social epidemic of our times.

Cuba: Commentary on 'Marriage' Between Television, Sports

PA2206145196 Havana Radio Reloj Network in Spanish 1930 GMT 16 Jun 96

[From the "Weekly Review" newscast]

[FBIS Translated Text] The most prosperous marriage of the 20th Century.

Is there a more lasting, more solid marriage than the one that was established between the television media and the world of sports four decades ago?

When the television media and the world of sports were married at the Melbourne Olympic Games in 1956, no one thought this relationship would generate hundreds of millions of dollars, as it is doing today at the Atlanta Olympic Games of 1996.

Ever since the courtship began shortly before the summer Olympics in the Australian city, the sports world decided that its relationship with the modern and flourishing media would guarantee a fabulous future. The television media refused to miss the tempting proposal because even though it caught humanity's attention when it broke onto the scene, its partner looked very promising, and it turned out that without it, the television media would not enjoy the type of business it is experiencing today.

The relationship between the sports world and television was born out of mutual fascination, because the Olympics movement found in its partner what it needed, the financial, technical, and communications panacea it required. The success of the fusion lied in the technological possibilities of the partner, the only one capable of transmitting images to the five continents just when the action takes place, thus providing complete and immediate information.

Television demonstrated its exceptional capability to stop images in motion, to technically review all aspects of the competition, and to allow viewers to recreate themselves with the beautiful spectacle of an athlete fighting against the stopwatch or the tape measure, or two teams displaying their strength and speed.

The most complete psychological penetration into the homes of 2 billion viewers living 40,000 km away was achieved with the relationship between sports and television. It is an opportunity that the great commercial firms were unwilling to miss, as they have paid amazing amounts for every second of transmission. The Los Angeles Olympic Games of 1984 marked a pinnacle when they were broadcast to 2.6 billion television viewers, a figure that would have even surprised Marshall McLuhan, the forefather of modern communication.

Faithful to the saying that a picture is worth a thousand words, in the Atlanta Olympic Games of 1996 the number of television viewers should turn a new page in Olympic history judging from the contracts that have been signed.

Clemente Enecado of PRENSA LATINA said that in the Moscow Olympic Games of 1980, a total of $101 million was paid off for transmission rights. The Atlanta 1996 figure will reach $900 million. Nearly one fourth of the more than $3 billion paid to the International Olympic Committee [IOC] in the last three years came in the form of contracts with television companies. Nothing can endanger the future financial stability of this marriage, and to clear doubts in this regard, the IOC signed a contract for $2.3 billion with NBC Television for the Summer Olympic Games of 2004, the Winter Olympic Games of 2006, and the Summer Olympic Games of 2008. The host countries for these Olympic

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events have not been assigned yet, but the happy marriage between the sports world and television is getting ready to celebrate a luxurious golden anniversary in the 21st Century.

Cuba: Politburo Members' Activities Through 20 Jun

PA2106192596

[FBIS Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 20 June.

During a meeting in Cienfuegos to evaluate the theft and slaughter of cattle, Agriculture Minister Alfredo Jordan said that the struggle against rustling can be won. He announced that the established disciplinary measures will be enforced to stop this practice. (Havana Radio Rebelde Network in Spanish 1700 GMT 11 Jun 96)

The Cuban Parliament has published the "full text of the Helms-Burton law" in a 75-page book entitled the "Law of Slavery." In its prologue, Ricardo Alarcon, president of the National Assembly of the People's Government, ANPP, says that "the law is doomed to fail" (Havana PRENSA LATINA in Spanish 1915 GMT 12 Jun 96)

The central ceremony commemorating the 35th anniversary of the Western Army was held in Cacahual on 14 June in the presence of Division General Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces of Cuba, FAR, and chief of staff. Division General Nestor Lopez Cuba read a letter from FAR Minister Army General Raul Castro. Ivan Gonzalez Perez, president of the ANPP in Havana Province, praised the Western Army's loyalty. Also present were Politburo members Division General Leopoldo Cintra Frias and Esteban Lazo, chief of the Western Army and first secretary of the Cuban Communist Party, PCC, in Havana City. (Havana Radio Rebelde Network in Spanish 1700 GMT 14 Jun 96)

ANPP President Ricardo Alarcon said on 14 June at the opening of a meeting of Latin American and Caribbean congressmen in Havana that the Helms-Burton law is interventionist and seeks to make Cuba a Yankee protectorate. (Havana Radio Rebelde Network in Spanish 1700 GMT 14 Jun 96)

Vice President Carlos Lage spoke on 15 June to a group of Latin American congressmen participating in a seminar on sovereignty and integration. He said that the Cuban economy has maintained a 7-percent growth rate during the first six months of the year, and the estimated annual growth rate is 5 percent. (Havana PRENSA LATINA in Spanish 1702 GMT 15 Jun 96)

At the closure of the meeting of parliamentarians for the sovereignty and integration of Latin America and the Caribbean that included the participation of more than 100 representatives from 15 countries, ANPP President Ricardo Alarcon condemned the Helms-Burton law. Jorge Lezcano, president of the ANPP Foreign Relations Committee read the final declaration. Other Politburo members present were Jose Ramon Balaguer and Carlos Lage. (Havana Radio Rebelde Network in Spanish 1155 GMT 17 Jun 96)

General Raul Castro headed the ceremony marking the end of the sugar harvest in Holguin Province. He delivered the key address congratulating workers for accomplishing their goals. (Havana Radio Rebelde and Cubavision Networks in Spanish 0000 GMT 15 Jun 96)

It was learned at a seminar held in Havana that Cuba will have full access to Internet. Carlos Lage, vice president of the Council of State, closed the seminar. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 18 Jun 96)

FAR Minister Raul Castro Ruz on 18 June visited the Antonio Guiteras Sugar Mill in Las Tunas Province, and transmitted a message to its workers from Commander Fidel Castro that expressed his confidence that they would meet their production goals. (Havana Radio Rebelde Network in Spanish 1700 GMT 18 Jun 96)

Sugar Industry Minister and Politburo member Nelson Torres urged workers in Santa Clara Province to double efforts in weeding sugar plantations. (Havana Radio Havana Cuba in Spanish 0000 GMT 19 Jun 96)

Army General Raul Castro toured sugar plantations, and agricultural and tourist areas in Las Tunas Province. He stressed the political importance of the current sugar harvest. (Havana Tele Rebelde Network in Spanish 0000 GMT 20 Jun 96)

Sugar Industry Minister Nelson Torres issued a call to workers in Camaguey to work hard and get up to date with sugar-planting activities, which have been delayed by rains. (Havana Tele Rebelde Network in Spanish 0000 GMT 20 Jun 96)

Cuba: Roundup of Sugarcane Developments Through 23 Jun

PA2406022396

[FBIS Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 23 June.

As relates to productivity, the province of Sancti Spiritus continues to lead in all sugar-related activities in Cuba's main industry, followed closely by the provinces of

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Santiago de Cuba and Holguin. Of the 15 basic sugar-related activities established by the Sugar Industry Ministry, the province's sugar complexes occupy the first place out of nine. More than 8,500 caballerias have been planted since the year began, 1,500 more than during the same period last year. As relates to weeding and cleaning operations, the province has so far cleaned 840 caballerias during the past weeks. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 20 Jun 96)

More than 1,200 caballerias of sugar have been planted in Villa Clara as part of the province's spring sowing activities, and despite heavy rain in the region. Villa Clara's 28 sugar complexes are determined to plant at least 2,020 caballerias during the spring. To this end, special operations that include more than 30,000 mobilized workers have been taking place in the province during the past weeks. Excess humidity in the province has only allowed workers to sow 1,200 caballerias, results far below the amount forecast to have been sown by this date. In addition, more than 10,000 caballerias have been weeded since the year began. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 19 Jun 96)

Haiti

Haiti: Preval, Unions Meet on Amendment to Labor Code

PA2506001196 Port-au-Prince Signal FM Radio in Creole 1130 GMT 10 Jun 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] There is a possibility of making changes to the current labor code. A meeting was held on this possibility between Haitian President Rene Preval and the labor sector. Before leaving the country for Europe on 3 June, the Haitian head of state met with some union officials on changes that should be made to the labor code in effect in Haiti today.

President Preval acknowledged that there are some deficiencies in the labor code and invited the unionists to work to detect the weaknesses and deficiencies that are in the current law on work in Haiti.

Fritz Petit-Homme, the leader of the union of the Metropolitan Drinking Water Autonomous Office, participated in the meeting and reported on what was discussed between the unionists and the president of the Republic.

[Begin recording] [Petit-Homme] We met at the palace only to discuss the question of the labor code, which does not really offer any advantages to our workers. We are obliged to ask for an amendment, because we all know that this labor code was made by Francois Duvalier. The times are not the same. The time when Francois Duvalier was there, and the present are not the same.

[Unidentified journalist] Tell me: How many unions and how many representatives of state-owned enterprises were present?

[Petit-Homme] Well, all the unions we know in the country were present, plus the unions of all the state-owned enterprises.

[Journalist] Did you tackle the privatization issue during this meeting?

[Petit-Homme] Well, on the whole, all the work that is being done is aimed at ending up in privatization because we unavoidably know that privatization will come whether we want it or not. It is not a project for today, it is a project for a very long time. [end recording]

Haiti: Individuals Fire at Police Station, No Injuries

PA2406234296 Port-au-Prince Signal FM Radio in Creole 1130 GMT 24 Jun 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] On the night of 21 June, a group of unidentified individuals shot at the Vialet police station. Several vehicles on the grounds of the police station and of the house in which the Haitian policemen live were damaged.

The incident, which happened on 21 June at about 2000 PM in Vialet, did not cause any injuries, because there were no policemen on the scene, according to information verified by the Signal FM correspondent.

We will point out that this is the second time that such incidents have happened in Vialet, in the Petit-Goave area. In the past months, not long ago, a group of individuals shot at police vehicles in the area, causing policemen to be seriously injured.

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Mexico: FM on 'Relentless' Efforts To Counter U.S. Law

PA2106161196 Mexico City NOTIMEX in Spanish 0311 GMT 21 Jun 96

[FBIS Translated Text] Cancun, 20 Jun (NOTIMEX) — Today, Mexican Foreign Secretary Jose Angel Gurria pointed out that the Mexican Government, businessmen and Congress will be relentless in their efforts to defend Mexican companies against the Helms-Burton law.

In a news conference held during the Fifth Business Forum of Latin America and the Caribbean, Gurria said that the obligation of the Mexican Government, businessmen and Congress is to prepare themselves to face the possible implementation of the third chapter of the said U.S. legislation.

For this purpose, Congress, with the full support of the business leadership, is drafting a law that some have dubbed an "antidote," designed to mitigate the negative effects of this U.S. law on Mexican companies.

The foreign secretary established that, in this regard, this would be a law that "would defend, inasmuch as possible, the interests of Mexican companies. The effectiveness of this law will depend on the criteria of the judges assigned to the cases."

He indicated that "we will have to agree on not referring to this law as an antidote law, because it gives the impression that it can avert any effect of the implementation of the Helms-Burton law."

Actually, this is not the purpose. He stressed that the purpose of this law, which is being drafted, is to enable those companies affected by the implementation of the Helms-Burton law to defend themselves from the procedures adopted against them.

He emphasized that the fact that the Mexican Congress might approve a law of this sort "does not resolve all the problems."

"Even Canada, which has a similar law, is asking, along with Mexico, that this matter be discussed in upcoming meetings of NAFTA so as to analyze the effects of the Helms-Burton law," he explained.

Concerning the date that the so-called "antidote law" would be ready, Gurria indicated that due to the congressional recess, which will last until September, a special session might be held in August to analyze it.

Earlier, Gurria participated as the keynote speaker at a dinner for over 400 businessmen from 23 countries, gathered at the Fifth Business Forum of Latin America and the Caribbean. This conference is being held at the Convention Center of this tourist location of Quintana Roo State.

"Because of legal, political, ideological and ethical reasons, the Mexican Government is against the promulgation of extraterritorial laws such as the Helms-Burton law," Gurria noted during the dinner.

The foreign secretary stressed that this law constitutes an attempt against the economic interests of Mexico and our region and hinders the full development of our societies.

He reiterated that the government will adopt domestic bilateral measures to protect Mexican companies and businessmen and for this purpose, it will use recourses within NAFTA's framework.

"We will resort to the regional fora and all the organizations; we will not back down from our effort to protect our companies from this legislation," he indicated.

He remarked that by condemning this type of initiative, Mexico defends its legal right to trade, as well as its right to guarantee an international economic atmosphere with clear and just laws that allow our businessmen to pursue their commercial activities.

"Mexico defends its right to have a dynamic exporting sector that generates stable jobs for the Mexicans and that is not threatened by domestic considerations in other countries," he underscored.

At the dinner-meeting, Nicaraguan businessman Juan Jose Medina proposed, on behalf of the participants, that a letter be drafted to state the unanimous rejection of the Helms-Burton law by the over 400 businessmen attending the forum.

Mexico: Latin American Business Forum Condemns U.S. Law

PA2406145196 Mexico City XEW Television Network in Spanish 0330 GMT 22 Jun 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The fifth forum of the Cancun Latin American and Caribbean Business Meeting concluded in Quitana Roo. Businessmen from 25 countries signed the Cancun Declaration Forum on the U.S. Helms-Burton law. In the declaration, they reject the legislation known as Helms-Burton, which was enacted on 12 March 1996, because it is an instrument of economic and commercial pressure with extraterritorial coverage. The legislation affects the interests of countries, businesses, and corporation brokers who participate in international trade. In addition, the legislation

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violates the principles of free trade and affects the good relations between countries.

Businessmen at the fifth Cancun Declaration Forum requested that U.S. authorities reconsider the implementation of this law. Rejection of the Helms-Burton law by the businessmen was unanimous.

[Begin recording] [Mexican businessman Marco Hernandez] We believe this not only affects development interests of countries that at any given moment could be threatened by this law, but by a basic principle, which is the freedom of mankind.

[Venezuelan businessmen Marco Mendizabal] In the state where I live in Venezuela, we are aiming to carry out a similar initiative in September. [end recording]

Raul Taladrid Suarez, Cuban vice minister of Foreign Investment and Economic Cooperation, said:

[Begin Taladrid recording] Obviously it affects us because it causes hesitation in some businessmen and delays in clinching a deal. But it has not been able, nor will it be able, to halt or reverse the flow of foreign investments to Cuba. [end recording]

Latin American businessmen and officials reiterated that the Helms-Burton law affects the interests of countries, enterprises, and corporations that take part in international free trade.

Mexico: UCABE Director on Risk of Business Bankruptcy

PA2306162496 Mexico City EL FINANCIERO in Spanish 20 Jun 96 p 12

[Report by Isabel Mayoral Jimenez]

[FBIS Translated Text] Eduardo Bours Castelo, director of Coordinating Unity for the Business and Banking Agreement [UCABE], has said the risk of massive business bankruptcy has been overcome mainly due to the stabilization of interest rates, exchange rates, and the barely noticeable economic recovery.

In an interview with EL FINANCIERO, he has said UCABE is working with 59 businesses for a total amount of $9.279 billion. He has said that out of these businesses, 12 have already signed agreements worth $3.86 billion; that 11 report significant improvement, registering $1.619 billion; and that 26 are still negotiating, at $2.392 billion in dealings, one for $24 million, a case which depends on other factors. In addition, there are nine cases with debts amounting to $1.3 billion that other organizations will deal with after UCABE has analyzed them.

He has said "the restructuring is not just limited to securing better term conditions and flows for businesses but also the reduction of liabilities to bearable levels. This is the best way to prevent businesses from becoming unprofitable, insolvent, and bankrupt.

"The situation for the manufacturing sector and the country was overwhelming last year, but the economic policies that were implemented have given us a maneuvering room we did not have in 1995 to adjust different kinds of programs. In 1996, we are coming out of this situation. The risk of widespread bankruptcy no longer exists, although there are still companies with problems, and the case-by-case analysis will continue."

After affirming that there is no specific date on which UCABE must disappear, because "I would be very much surprised if it survived this year," he noted that the office has no novel refinancing plan but, rather, that the provisos already existing in the market, such as UDI's [Investment Units], have been used.

To date, UCABE has participated in the culmination of letters of understanding in 12 cases that have been resolved already and has worked out major aspects in other cases through standstill agreements, the withdrawal of lawsuits, debt swaps, and new, financial resources.

The cases in which UCABE has been involved cover a wide range of sectors of industry, including three tourism companies, 17 manufacturers, 11 agro-industrial companies, 11 service companies, five textile industries, and three construction companies.

He has said the requirements for a company to be eligible to join UCABE are that it generates jobs, reports operation profits, and brings its own restructuring proposal. He has admitted, however, it is not possible to handle all the companies experiencing debt problems.

"We have to be selective and will handle them based on the impact these companies have on employment and demand. That limits us, ties our hands, but it is preferable to creating an enormous company with a big staff and budget to handle an untold number of cases that would be difficult to eliminate and dismantle when it is no longer needed.

Without a budget or innovative financial schemes, such as swaps, UCABE has adhered strictly to its original policy of being the go-between between the debtor and his creditor. Communication has dwindled between the two because of the crisis, and in certain cases "they do not even exchange words. Any solution we may have achieved has been due to, above all, sheer resolve."

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Faced with this resolve, the banks have been more resistant to capitalizing companies. Regarding this issue, Bours Castelo has acknowledged that the last thing financial institutions want to do is own part of a company. "Their business is to lend money, not to own companies, but they have slowly become more flexible regarding this capitalization proviso."

Bours Castelo has said an escape proviso is established in financial schemes involving capitalization. A typical example is when financial institutions own a 49 percent share of a company and the company is given a five-year deadline to buy back the 49 percent share from the bank. Once the five-year deadline becomes due and the company has been unable to buy back the shares, in certain cases, an agreement has been reached whereby the company will sell the bank two additional shares so the bank may sell 51 percent of the company's shares and recover a maximum amount of the original debt.

Each case is different, but some basic concepts for restructuring loans, such as sustained debts, divestments, payment in kind, and convertible capitalization and debts, among others, have been created.

Bours Castelo has said five general guidelines have been established for interbank relations: selection of a leading bank, decision-making by a majority, a cash flow guarantee relationship, preference for new voluntary cash, and debt exchanges between banks.

In relationships between companies and banks, four guidelines have been established: standstill agreements, subordination and preferential guarantees, fixing a sustained debt amount at the market rate, capitalization of debt, and escape schemes.

UCABE is concerned about reestablishing confidence between banks and companies, defining the source for financing working capital once the refinancing has been concluded, and improving banks' procedures for granting loans.

Bours Castelo has said that in refinancing the debt, we have learned that the banks and businessmen must return to basics; that is, to analyze and discuss business prospects and, based on that analysis, to refinance the loan.

An exhaustive, specific analysis of loans is the only basis on which banks and companies can and should develop a healthy, lasting relationship. The source for the payment of all debts should come from the cash generation and not depend on guarantees. In addition, formulas should be sought to homogenize the banks' assets and to achieve secondary loan markets.

Mexico: Secretary Cited on Better Climate of Certainty

PA2306191496 Mexico City EL FINANCIERO in Spanish 19 Jun 96 p 4

[FBIS Translated Text] The exchange rate is a mere price, and the rate of 8.35 pesos to the dollar forecast by most economic agents and specialists for December 1996 "does not constitute any objective."

Furthermore, the flow of foreign currency from various sources and macroeconomic strength will make it possible to place the value of the dollar at 7.90 pesos or 8.10 pesos by the end of the year.

Guillermo Ortiz Martinez, head of the Secretariat of Finance and Public Credit [SHCP], has said the country is now experiencing a better climate of certainty, with a stable exchange rate, a declining interest and inflation rates, and a monetary policy in line with the goals set by the Alliance for Economic Recovery (APRE).

Despite the effervescence observed in the financial markets last week—interest rates went up, and there was pressure on the Mexican currency—Guillermo Ortiz Martinez has said we have a competitive and stable exchange rate and declining interest rates that could be below 25 percent by the end of the year.

Compliance with the economic program goals has created a climate of greater certainty and trust abroad and a more favorable penetration in the capital markets, he has said.

Bank of Mexico and SHCP officials consulted by EL FINANCIERO believe it is "possible" that the monthly average sliding of the peso in relation to the dollar for the rest of the year may reach a maximum of 10 cents, and they "consider this to be negative, given that foreign investors could withdraw from the country because this slide could result in a reduction or elimination of profits at the end of the year because of political factors, negotiations within the sector, or changed prospects.

These officials have established that the behavior of the peso "will be neither lineal nor preestablished;" thus, the exchange policy will maintain the flexibility in effect since 20 December 1994.

Banacci [Banamex-Accival Financial Group], Inverlat, Probursa, and Invermexico analysts have said the instability of the national markets in the past three weeks is a temporary situation associated with rate movements in the United States not related to structural deficiencies in the national economy. They have said "stability is not in danger because the economy continues to improve."

In a private meeting with advisers of Mexico City's National Chamber of Commerce, Ortiz Martinez has

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said that signs of recovery are evident and that one priority will prevail: Economic growth improvement must benefit the majority of the Mexican people.

If the methodical, although still slow, domestic consumption recovery continues, it is possible the exchange rate at the end of the year will be under 8.35 pesos to the dollar, which is the "objective" level being considered in recent weeks.

Following three weeks of continuous departures, Chase Securities, Merrill Lynch, and Citicorp experts have confirmed that on 18 June there was an important offer of dollars (approximately $80 million) from holders of foreign funds who in view of the drop in interest rates want a slot in the bidding for government bonds for periods longer than six months.

Bank and stock market sources have confirmed that from 31 December 1995, when the 48-hour, interbank exchange rate was 7.739 pesos for 1 dollar, until 17 June 1996, when the rate was 7.58 pesos, the peso gained 1.81 percent in value.

Compared to the exchange value the peso had on 18 May 1995, 6.17 pesos to the dollar, the Mexican currency has suffered, in nominal terms, a 23.01 percent devaluation.

During the lapse of the time mentioned, the exchange rate reached the value of 8.095 on 15 November 1995. This is when the Exchange Commission decided to order the Bank of Mexico to intervene to check volatileness. The bank did so with amounts whose total was not above $200 million, and this permitted the stabilization of the peso-dollar exchange relationship.

Based on the average exchange rate in 1995, 6.41 pesos, and on the official average expected for 1996, 7.7 pesos to the dollar, the devaluation percentage of the Mexican currency this year will be 20.12 percent, which implies that if the behavior of the devaluation were lineal, there would be a monthly devaluation of 0.1075 cents.

During the meeting with the Canaco [National Chamber of Commerce] people on 7 June, the secretary insisted the most urgent task is to assure that benefits procured by the economic program reach the majority of the people.

Secretary Ortiz has admitted not all the problems are resolved and has spoken of the need to increase domestic savings to reduce the economy's vulnerability to short-term periods and to assure sustained development.

In his speech of approximately one hour, the SHCP secretary has said the recent crisis was also due to an excessive jump in the exchange rate in the face of a quick, financial and commercial liberalization and of an insufficient response to adverse domestic and foreign events in 1994.

Regarding short-term challenges, Ortiz has said it is fundamental to look forward in addition to continuing the economic consolidation process and the process for stabilizing inflation and consolidating macroeconomic stability.

Ortiz has told the representatives of Canaco, which groups 35,000 established businessmen, that Mexico's real problem is that growth has been too small in the past 15 years.

He has said that to have growth rates much higher than those in the past, to have rates capable of creating jobs, it is necessary to increase the level of productivity and investments and to strengthen domestic savings.

The businessmen have charged before the SHCP secretary that there is a huge amount of products imported illegally, particularly tires.

After Canaco leaders denounced the situation of corruption existing in customs offices directed by Luis Manuel Gutierrez Levery, a corruption supposedly promoted by local businessmen protected by finance officials, Ortiz committed himself to putting a remedy to this.

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Nicaragua

Nicaragua: Discrepancy in Census, Ad Hoc Figures Viewed

PA2106184196 Managua EL NUEVO DIARIO in Spanish 18 Jun 96 p 8

[Report by Edgar Barberena S.]

[FBIS Translated Text] Discrepancies between INEC's [Nicaraguan Institute of Statistics and Census] figures and preliminary registration results at some Vote-Counting Boards [JRV] in the 26 municipalities where ad hoc registrations were made have started to elicit reactions in the media and from local experts. The presence of more people than the number reported by INEC was confirmed by the media during visits to several places in the country's interior where ad hoc electoral registrations, which included 26 municipalities, were held.

In Bocana de Paiwas, which the CSE [Supreme Electoral Council] and several reporters visited on Sunday, Daisy Chavarria, president of JRV No. 0020, said that 500 people had registered in that JRV by 1000 on the day of the visit. According to CSE instructions, JRV's were located according to the results of the INEC census. INEC estimated that 400 persons would be handled by each JRV.

According to INEC, the people over 16 years of age (the legal voting age) in the 26 municipalities number 282,189. According to the preliminary results that CSE Secretary General Cyril Greenford Omeir Green reported at 1930 on Sunday 16 June, 319,352 citizens had been registered. This is 113 percent of the census figures reported by INEC.

Consequently, there is a difference of 37,163 people. Will the number of people in these municipalities continue to increase? This is what the people have started to ask while the CSE receives reports from the 26 municipalities.

Regarding this situation, sociologist Rene Vargas has said it is necessary first to consider INEC's handling of the census figures. "There has been no general and broad dissemination of the census results. This could be misinterpreted or lead one to suspect that the census was poorly taken. For this reason, it should be demanded that INEC publish the definitive results of the census," he said.

Vargas also said it is necessary that the CSE publish the results of the ad hoc electoral registrations and compare these results with the census results. "This would make it possible for us to determine whether this, the number of persons registered being larger than the number reported by the census, occurs throughout the country or in the 26 municipalities only," he continued to say.

Vargas recalled that people in these 26 municipalities voted for the right during the 1990 elections and obtained nearly 50 percent of the total vote. A mishandling of the registration process and a delay in the electoral law reforms "could have led to some people being registered twice."

He said it is necessary to make detailed comparisons between the registration results and INEC's census plus the 1990 election results. "If the growth is disproportionate, we will have to think about something else. I think this is serious. If the situation happens in some municipalities only and the census figures are correct in the rest of the country, it would be necessary to consider the particular case of the municipalities where more people showed up."

Population Growth

The sociologist said that, in general, while the population grew by 900,000 from 1990 to the present time, the electoral population throughout the country increased by between 600,000 and 700,000. It would be necessary to determine the particular growth in these 26 municipalities.

Vargas, in statements to EL NUEVO DIARIO, said that he has seen strange things. He recalled that one of the most important points in the agreements between the opposition and Daniel Ortega in 1989 was that ID cards should commence to be issued immediately after the 1990 elections and that a census should be taken.

The present government, in its first decree, issued in April 1990, turned the registration process over to the government ministry. This ministry, however, did nothing during four years until, finally in 1994, handed the authority to issue ID cards back to the CSE.

In six years there was sufficient time to correct all the ID card-issuing mistakes that could have been reported by the people. This is my question. If the main demand of all rightist parties during the Sandinist government centered on the ID card issuing process, why did they not want to implement the process once they attained government?

"Here it is possible to think they were preparing a fraud. I don't think so. For this reason, I think it is necessary to make this process as transparent as possible, know the final results of the electoral registration, and check them against the census information if we are to find a reasonable explanation for the probably different results," he said.

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If the census in the country's 145 municipalities, minus several of those 26 municipalities, coincides with the electoral data, "I think the situation would merit a recheck." He ruled out the possibility of these inconsistencies contributing to increase the number of abstentions in the coming 20 October elections.

He also studied other situations, such as the margin of error in a census taken door to door, which is different from ad hoc registrations, where the people had to go to the ballot boxes. There is a possibility that the volunteers who took the census did not traverse the whole territory. "This, however, should have been mentioned in their report cards," he added.

Vargas also mentioned that a citizen in any one of the 26 municipalities could be registered just by presenting two witnesses. This circumstance could also have made it possible for some citizens to be registered at a JRV and later in another. "One situation is clear, however. If 600 instead of 400 citizens were registered in a JRV, evidently we have a serious problem here. This means that in certain municipalities 50 percent of the population were overlooked by the people taking the census. This margin of error is too high to be accepted."

It would be understandable if the margin of error were 4 of 5 percent, but a margin of error higher than 50 percent invalidates the census in general, and "would involve the UN people who worked as advisers during the census," Vargas finally said.

Nicaragua: Electoral Developments Through 22 Jun

PA2306192096

[FBIS Report] The following is a compilation of reports on developments leading up to Nicaragua's 20 October 1996 elections monitored through 22 June.

The special voters registration drive has concluded in 26 municipalities. Supreme Electoral Council (CSE) President Rosa Zelaya has toured the municipalities of Camoapa, Bocana de Paiwas, and San Sebastian de Yali and has confirmed that registration has surpassed the official estimates by 100 percent. (Managua BARRICADA in Spanish 16 Jun 96 p 8)

Five presidential candidates and 10 deputy candidates have been challenged at the CSE. The most prominent cases involve National Project (Pronal) presidential candidate Antonio Lacayo Oyanguren, who faces constitutional restrictions to his candidacy, and Alliance for Nicaragua presidential candidate Alvaro Robledo, who was involved in money laundering, according to Italian police. The final list will be revealed 8 July. (Managua Canal Dos Television in Spanish 1600 GMT 16 Jun 96)

Acting FSLN Secretary General Tomas Borge has asked his fellow party members to follow the example of the 110 Colina heroes to win the elections. Borges has said the FSLN must avoid being confused by other sectors and must conscientiously work to persuade other sectors that the FSLN is the best option. Moreover, FSLN deputy candidate Miguel Angel Casco has said they must persuade non-Sandinist hearts and minds to win the elections. Meanwhile, FSLN Managua mayoral candidate Carlos Guadamuz has marched with 5,000 Sandinist supporters to commemorate the retreat to the El Vapor ranch. (Managua BARRICADA in Spanish 17 Jun 96 pp 1, 8)

During his second day tour of the northern municipalities, Sandinist Renewal Movement (MRS) presidential candidate Sergio Ramirez Mercado has met with his electoral campaign committee in Madriz to revise electoral strategies for these municipalities. Ramirez has said the MRS is not interested in forming alliances with the rich and powerful. He has promised the MRS would restore free, public school education. Ramirez has unveiled the MRS's government plan for the farming sector. Ramirez has met with other MRS candidates in Totogalpa. (Managua EL NUEVO DIARIO in Spanish 17 Jun 96 p C5)

Christian Democratic Union (UDC) leaders have said a number of UDC directors are in the process of being ejected from the party. The UDC has accused Alliance for Nicaragua deputies and candidates Luis Humberto Guzman, Cairo Manuel Lopez, and Luisa del Carmen Larios of violation of party statutes, disrespect for party decrees, corruption, and political expediency and also questions the validity of the political alliance with presidential candidate Alvaro Robledo. The UDC plans to disavow the alliance with Robledo and support an alliance with the National Opposition Union (UNO) 96. UDC members support former vice presidential candidate Azucena Ferrer. (Managua BARRICADA in Spanish 18 Jun 96 p 4)

In an interview with BARRICADA, Democratic Action Party (PAD) presidential candidate Eden Pastora Gomez Quiroz y Artola has said he wants to be president, because like all Nicaraguans he does not believe in anyone or in anything, and he believes the Nicaraguan people need a new, different option. I want to be president to do what I think others I have supported would do; that is, an austere, honest government that will serve the people, not serve itself from the people. Pastora says the PAD has support from the middle and lower classes because it is a populist party. (Managua BARRICADA in Spanish 19 Jun 96 p 4)

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In a news conference, Nicaraguan Alliance candidate Alvaro Robelo, accompanied by National Assembly President Cairo Manuel Lopez and PAN (National Action Party) Deputy Frank Duarte, have threatened to challenge the 20 October election results if the CSE upholds the charges against him, because the CSE would be perpetuating an election fraud in Nicaragua. Robelo has said the campaign against him was being conducted by "dark and irresponsible forces behind which is the CIA." (Managua BARRICADA in Spanish 19 Jun 96 p 8)

FSLN vice presidential candidate Juan Manuel Caldera has set the record straight regarding an article that has appeared in LA PRENSA. Caldera has said he is a non-Sandinist producer, believes that the FSLN is the most viable alternative to lead the country out of the jam it is in, and that he will vote for Carlos Jose Guadamuz for mayor of Managua. (Managua BARRICADA in Spanish 20 Jun 96 pp 1, 8)

Candidates from various parties met with reporters in an informal meeting held by the Union of Nicaragaun Journalist (UPN) on 19 June. Present at the meeting were National Conservative Party (PCN) presidential candidate Noel Vidaurre Arguello; FSLN vice presidential candidate Juan Manuel Caldera, accompanied by FSLN acting Secretary General Tomas Borge Martinez; UNO 96 vice presidential candidate Roberto Teran; candidates for Mayor of Managua Eduardo Chamorro, Henry Lewites, Pedro Solorzano, and Marta Palacios; and CSE President Rosa Marina Zelaya. (Managua BARRICADA in Spanish 21 Jun 96 p 8)

National Assembly President Cairo Manuel Lopez has said in a news conference that if the CSE is excluding a contender from the political game, it will pervert the election process in Nicaragua. Paradoxically, Lopez has voted in favor of the constitutional reforms that have restricted the eligibility of candidates, but Lopez is a UDC director and was the principal proponent of an alliance with Alvaro Robelo of the former "Up With Nicaragua" movement. Robelo now has been accused before the CSE of having dual citizenship by Renewal Action Party (MAR) presidential candidate Moises Hassan. Lopez and his UDC supporters have been accused by the UDC's Disciplinary Committee of not consulting the rank and file of the party regarding the alliance with Robles. (Managua EL SEMANARIO in Spanish 21-27 Jun 96 p 5)

UNO 96 presidential candidate Alfredo Cesar Aguirre has said he has retaken the leadership of the UNO to lead the country out of poverty and lead it toward growth and development. Aguirre admits that only one of two groups will reach the second round of the elections, the liberals or the Sandinists, who will have to face off with the democratic center. Aguirre has said the organized sectors want Roberto Teran as candidate for vice president. (Managua EL SEMANARIO in Spanish 21-27 Jun 96 pp 10, 11)

CSE President Rosa Marina Zelaya has said that the CSE has begun reviewing the first 73 candidates, including presidential and vice presidential candidates, in which only the Constitution, the electoral law, and the CSE's official resolutions will be implemented. The CSE's review of more than 32,000 candidacies will continue until 2 or 3 June to finish the review of all candidacies by June 6. Cases in which candidates have been challenged are being studied, and the results of the CSE's review will be given as the cases are resolved. (Managua LA PRENSA in Spanish 21 Jun 96 pp 1, 6)

Production, jobs, bread, peace, and security are the pillar on which the FSLN's electoral platform is built, said Bayardo Arce Castano, who has represented Sandinist presidential candidate Daniel Ortega in a conference on Political Marketing organized by the INCEG (expansion unknown) of the Central American University. Pronal presidential candidate Antonio Lacayo was represented by union leader Jose Espinoza who has explained Pronal's platform to the audience. PAN and Force Alliance presidential candidate Francisco Mayorga has said the solutions to the country's problems were simple and that only $120 million in foreign aid were needed to create 200,000 jobs. Mayorga has attributed all the mistakes of the Chamorro administration to having abandoned his economic plan. Arce has invited Mayorga to become part of the new, National Unity government proposed by the FSLN. (Managua BARRICADA in Spanish 22 Jun 96 p 5)

Nicaragua: Article Views 'New Class,' Politics

PA2406193196 Managua EL NUEVO DIARIO in Spanish 22 Jun 96 p 6

[Article by Oscar Rene Vargas: "The New Class and Politics]

[FBIS Translated Text] The "new class" has turned out to be a tremendous obstacle to Sandinism's attempt to regain its influence among the majority of the Nicaraguan people during the next elections scheduled for 20 October 1996. This new class is solely interested in its own political power, its own social advantages and economic gains, to which end they have currently subordinated everything to material interests.

Every man or woman with a mind of their own sooner or later comes into conflict with this "new class," which now and then finds itself needing to decapitate one

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sector at the expense of another in order to preserve itself. The "new class" is in need of individuals who are passive, Byzantine, and servile, so that they can maintain their hegemony over the Sandinist movement.

The "new class" are simply conservatives, representative of a middle class that has become wealthy through the "pinata-like giveaway," and which finally decided to lean toward bourgeoisie society. This "new class" eagerly frequents the homes of the oligarchy, to cuddle up with conservative politicians and financial tycoons. Amidst cups of coffee, they dream of securing an appointment to any board of directors of a firm owned by the dominant class. The sole aspiration of this "new class" is to maintain the "status quo" it has been able to obtain, hence its compulsive political pragmatism, in other words, its fear to speculate about the future. This "new class" has transformed Sandinism into a party that carries out its role of "democratic" brake of the popular sectors. The political demeanor of these "pragmatic" Sandinists has paralyzed and castrated the vast majority of Sandinisms.

Its Self-Preservation

In order to ensure its self-preservation, this "new class" is required to squelch the slightest flicker of criticism and opposition that may appear within orthodox Sandinism. Hence, the suffocating verticality taking place within the party, the general servilism toward a "leader," and the no less general hypocrisy. Anyone who stands to defend the popular sector or stands against the immediate interests of the "new class" is irremediably branded by the party's bureaucracy as an individual noxious to Sandinism. This political attitude is no accident; it originates from the real objective sought by this "new class," which is embodied in the restoration of conservatism while at the same adjusting its revolutionary mask.

The "new class" also comprises individuals who were not part of the revolutionary process during the struggle against Somoza, but instead decided to join the Sandinist movement when the revolution was about to triumph so that they could receive high-ranking official political titles, and material rewards. The type of militant that currently predominates among the bureaucrats of orthodox of Sandinism, is the type who seeks a political career, and consequently, is the opposite of the revolutionary of the sixties and seventies. Most of the party's officials lack any moral standing, personal initiative, or independent political position. They are only responsive to the political positions of their "leaders" so that their continuation in power is ensured. They do not propose any options so they don't jeopardize the source of their existence. Mid-level positions within the party were gradually occupied by climbers, opportunists, and professional slanderers.

The objective is to remain on top so that they will continue to be respected.

If this "new class" were capable of sacrificing itself, at least to a minimum degree, for the benefit of the popular class, it would not have divided the party during the May 1994 Extraordinary Congress and demoralized the people with its double standards and double talk over the past six years.

What determines the politics of this "new class" is its resolution to maintain its position at the top of orthodox Sandinism politics, and from that position, try to ensure that their assets continue to remain untouched. In other words, keep the economic interests of the "new class" intact. "New class" political opportunism is a policy that, in essence, is conservative and aims to appear revolutionary.

Pact of Nonaggression

In view of the failure to create a strong centrist coalition, the "new class" has chosen the "status quo" and allied itself with [Arnoldo] Aleman by establishing a peaceful political agreement of "nonaggression." The nonaggression political agreement, that is, the passive political attitude toward Aleman is viewed as linked to a "national agreement of governability." Within "national agreement of governability," Aleman would be the active role and the orthodox will play the role of subordinates, adapt, and march to whatever tune he plays.

The policy for a "national agreement of governability" under Aleman means orthodox Sandinism will remain stagnant, act to suit the occasion, nurture false hopes, and become involved in useless maneuvers. The results of this policy will be that the popular sector will become more disenchanted, dissatisfied, and indifferent. All of these symptoms definitely confirm the growing strength of the right and extreme-right wing among the masses.

The possible Aleman-Ortega national agreement is neither absurd nor unproductive; it is a political alliance based on a division of labor. Arnoldo Aleman will carry out the political operation and the orthodox Sandinists will coordinate the social movement. The "new class" of Sandinists will seek to a way to prevent heads from rolling. These gentleen value their heads above all. To save themselves, they are willing to march farther with Aleman than we can possibly imagine.

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They Will Lose the Ability To Think About the Future

It would be useless to try to predict the future of this agreement and the destiny of each one of its protagonists, including members of the "new class," who have illusions of skirting a catastrophe. The agreement will shake up many things and many individuals. Neither traps, agreements, nor shady deals, will help them avoid being politically soiled and singled out as opportunists by the Sandinists in general.

My political prognosis would be misconstrued if one were to conclude that with the Aleman agreement Sandinism would be finished as a social and political force. I am convinced otherwise. I am convinced that the "new class" would lose its ability to think about the future and lead a new social revolution. No political force on earth could stop the political disintegration of Orthodox Sandinism. The popular sectors, freed from political controls by the "new class's" rejection of the basic tenets of Sandinism, will endure this new challenge, and a serious crisis will ensue that will provoke a significant split with the popular sectors, and the people will start rebuilding a new political directorate.

It is time we understood that the "new class" has nothing in common with the old Sandinist leadership of the 60's and 70's. The deterioration of the Sandinist political leadership is the result of the bungling of the nation's political leaders and intellectual inability to lead a new process of social change in favor of the poor.

[Dated] Managua, Friday, June 1996.

Panama

Panama: Prosecutor General on Request for Investigation

PA2406231396 Panama City Telemetro Television Network in Spanish 1730 GMT 24 Jun 96

[Report by Julia Elena Alvear; from the "Telemetro Reports" newscast]

[FBIS Translated Text] Several reactions have taken place today following President Ernesto Perez Balladares announcement with respect to the audit carried out on his election campaign funding records, which uncovered two checks amounting to $51,000 signed by Fuji, Inc.

Today, during a news conference, the prosecutor general proceeded to explain that his office and not the National Assembly is responsible for launching any investigation into the likelihood of illegal funds in President Perez Balladares' election campaign.

We now contact Julia Elena Alvear who has a report with more information on this issue. Go ahead, Julia.

[Begin recording] [Alvear] Thank you. A few minutes ago Prosecutor General Jose Antonio Sossa, in a public communique and during a news conference, provided a legal explanation of the channels to be followed with respect to a request made by the president of the Republic related to an investigation into the origins of two checks allegedly from drug trafficking sources in the political campaign of the PRD [Revolutionary Democratic Party].

In this respect, the prosecutor general stated two major facts: One, that from a legal point of view, no charges have yet been filed against the president of the Republic, and that at this point, the Legislative Assembly has no legal grounds to open a trial.

On the other hand and with respect to this issue, the Prosecutor's Office position is based on Article 263E, included in the Drug Law and related to illegal funds originating from drug trafficking activities.

The prosecutor stressed that the Drug Law entered into effect subsequent to the presidential campaign. At this time, let us listen to the prosecutor's explanation with respect to the president's request for an investigation.

[Prosecutor General Jose Antonio Sossa] It is for us, as per a Constitutional mandate, to launch an investigation into the likelihood of crimes linked to drug trafficking, and particularly the crime being mentioned these days, which is the use of funds originating from drug trafficking to fund election campaigns.

As we have already clearly stipulated in the communique that was read a few minutes ago, the legal provision that classifies this event as a crime was approved before the 1994 election campaign. Therefore, it is legally impossible to seek the application of this legal provision to events that occurred before the law took effect.

Nonetheless, in cases of crimes described as linked to drug trafficking, there are other legal procedures that may develop from an investigation carried out with respect to events exposed by the president of the Republic.

[Alvear] Well, basically, the prosecutor general also pointed out that, as per the president's request, a list with the names of 60 firms included in the inquiry against alleged drug trafficker Jose Castrillon Henao has been forwarded to all the political parties to determine if any of these parties are in a similar situation as the PRD.

During tonight's newscast, we will be providing more information with respect to the prosecutor general's

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statements, and the sworn affidavits taken to individuals linked to this case. [end recording]

Panama: Communique Issued on Drug Money Investigation

PA2406232096 Panama City Telemetro Television Network in Spanish 1625 GMT 24 Jun 96

["Official Communique" read by Dalma de Duque, spokeswoman for the Panamanian Office of the Attorney General, at a news conference by Attorney General Jose Antonio Sossa at his offices in Panama City — live]

[FBIS Translated Text] 1. His Excellency, the president of the Republic, has made public a report of a check received to finance his election campaign, allegedly from drug-trafficking sources.

2. The Panamanian Constitution assigns to the Public Ministry the jurisdiction over crimes and contravention of constitutional or legal provisions.

3. We are aware of the announced incidents, and we have received the corresponding documents, which will allow us to continue the investigation begun by the president of the Republic.

4. We make public that Article No. 186 of the Constitution of the Republic provides: The president and vice president can only be held responsible in the following cases:

a. For abuse of constitutional power.

b. For violent actions, or coercion, during the electoral process. For preventing meetings of the Legislative Assembly. For hindering the Legislative Assembly, other public organizations, or authorities established by the Constitution from exercising their legal functions.

c. For crimes against the international legal entity of the state or against the public administration.

In the first two instances, the punishment will be removal from office and disqualification from holding public office for a period established by the law. In the third instance, common law will be applied.

Article No. 154: The legal functions of the Legislative Assembly are:

A. To receive the accusation or charges brought against the president of the Republic and the judges of the Supreme Court, to try them for actions committed during the exercise of their duties that are detrimental to the free exercise of public power or violate the Constitution or the laws.

B. To receive the accusations or charges against members of the Legislative Assembly and determine if there are grounds for legal proceedings, in which case it will authorize the trial of the accused legislator for the specific crime he is accused of having committed.

5. We will conduct an investigation and, if the case arises, prove the possible perpetration of the punishable action described in Article 15 of the unified text of the law on crimes involving drugs, Law 13 of 27 July 1994. Add Article 15 to Article 263-E of the Penal Code as follows:

Whoever uses money or any financial resource, knowing that the money comes from illegal drug-trafficking, to finance political or any other type campaigns, will be sentenced from 5 to 8 years in prison and disqualified from holding public office for the same number as years, after having served his prison term.

6. We note that incident described in the stated norm went into effect after the 1994 election campaign; in addition, from henceforth, it establishes legal budgets that have to be proven to implement the law.

7. Article 2025 of the legal code obligates all citizens to reveal to authorities knowledge they may have of any punishable crimes, and therefore we ask for the cooperation of the entire community to present any evidence, or proof, which they may possess to help clarify the situation before us.

8. We have proceeded to take testimonial and documentary evidence that will clarify these specific, or connected, charges.

[Signed] Attorney General Jose Antonio Sossa Rodriguez.

Panama: Opposition Reacts to Ban on Campaign Probe

PA2506031896 Panama City Circuito RPC Television Network in Spanish 2300 GMT 24 Jun 96

[FBIS Summary] Opposition party legislators have reacted to the Legislative Assembly being constitutionally inhibited from launching an investigation into drug trafficking funds in the election campaign of Panamanian President Ernesto Perez Balladares.

According to Papa Egoro Movement legislator Victor Mendez Fabrega, "Panamanian penal law on money laundering stipulates that anyone who knowingly cooperates with individuals involved in laundering funds is also responsible in the eyes of the law."

On the other hand, legislator Joaquin Fernando Franco of the Liberal Authentic Party says that they are willing to wait for an official response from the Attorney General's Office and that "considering that this case

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is such a sensitive one and that the international community is looking at the manner in which we handle the situation, we should all be responsible and allow the Attorney General's Office investigation to proceed until the end."

Alberto Cigarriusta, also a legislator from the Liberal Authentic Party, stressed that the government is in office precisely to fight against drug trafficking and "not to become an accomplice of drug trafficking."

Arnulfist Party legislator Bolivar Pariente points out, on the other hand, the need to await the results of the investigation being carried out by Attorney General Jose Antonio Sossa. He added that the Attorney General's Office must not only investigate and present a report on illegal funds in the 1994 elections campaign, but also what took place with the Agro-Industrial and Commercial Bank of Panama, Inc., Banaico, and the investigation into alleged drug trafficker Jose Castrillon Henao. According to legislator Pariente, "contrary to what others would like to say, the three investigations are closely linked and this is an issue that goes far beyond two checks received by the president of the Republic from an alleged drug trafficker."

Panama: President on Attorney General's Role in Inquiry

PA2506032696 Panama City Circuito RPC Television in Spanish 2300 GMT 24 Jun 96

[Report by Vicenta Melanie Herrera; from "RPC Television News" newscast]

[FBIS Translated Text] The president of the country will submit to the dispositions the Attorney General's Office may make, according to what President Ernesto Perez Balladares himself said today.

He reported the latest details regarding the possible use of drug-trafficking money in the elections campaign.

Following the commotion caused by charges about a possible utilization of drug-trafficking money in the election campaign of the Democratic Revolutionary Party [PRD], President Perez Balladares said Monday that the final results of the investigation are in the hands of the attorney general.

[Begin recording] [Perez Balladares] The matter is where it has to be, with the attorney general. He will decide what has to be done.

[Reporter] How are the investigations on this case going, Mr. President?

[Perez Balladares] Ask the attorney general. [end recording]

Perez Balladares also explained that the Security Council has not been used and will not be used to conduct political espionage. He noted that in the Castrillon Henao case, the council focused on Castrillon Henao's possible links with drug-trafficking and money laundering.

He cautioned that the council's position must not be mixed up with the alleged illegal activities of Castrillon Henao.

[Begin recording] [Perez Balladares] I think that is absurd. My case is clear. I have nothing to say about the innocence or guilt of Castrillon Henao or anybody else in this country.

[Reporter] Mr. President, the government is being accused at the international level of a narcoscandal. How much can this affect the Panamanian economy, which is already enduring an economic recession?

[Perez Balladares] I do not think that what you have said is true. The Panamanian Government is not being accused of any narcoscandal. On the contrary, there have been very good comments about the responsible and open way we have faced a problem that can affect not only my government and my party but also civilian society. Let us hope this event will make the civilian population aware of the simple and easy way that drug-trafficking and money- laundering can infiltrate organizations, and not only in Panama but everywhere in the world. [end recording]

The president shunned reports that the PRD blocks good actions that he initiates, asked for the people's cooperation in the struggle against drug trafficking, and did not discard the possibility that drug money was used in the campaigns of other parties.

President Perez Balladares also said he does not know about the alleged concern of former President Guillermo Endara about a coup d'etat by PRD members.

Panama: PDC Head To File Lawsuit Against PRD Official

PA2506034396 Panama City Circuito RPC Television in Spanish 2300 GMT 24 Jun 96

[Report by Abdiel Antonio Gutierrez; from "RPC Television News" newscast]

[FBIS Translated Text] It would seem that the controversy that has erupted on account of the involvement of alleged drug traffickers as contributors to the 1994 election campaign has opened the door to a fierce rivalry between the opposition parties and the government.

The president of the Christian Democratic Party [PDC] announced recently that he intends to file a lawsuit

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against Mitchel Doens, first assistant secretary of the Democratic Revolutionary Party [PRD]. Doens, on the other hand, reiterates the accusations launched against the opposition, and stresses that political interests are behind the slanderous remarks against the national government.

PDC President Ruben Arosemena pointed out that evidence disclosed by the president of the Republic himself contributed to exposing Mitchel Doens, who accused the opposition parties of orchestrating a slander campaign.

[Begin recording] [Arosemena] First of all, it has not been a orchestrated campaign and neither has it been a concoction by the Christian Democrats or the opposition but concrete and real facts. On the other hand, it has been proven that the opposition had nothing to do with the recent publications. Therefore, we believe that the time is ripe for those individuals who launched accusations through the media, to now account for each and every one of their words.

[Doens] Mr. Arosemena is free to say and do whatever he wishes. As a citizen he is free to adopt whatever decision his conscience allows him to. [end recording]

The PRD first secretary reiterated his accusations against the opposition.

[Begin Doens recording] When we reacted as we did, we did it with a certain degree of indignation. Whenever accusations or criticisms are launched, there must be evidence to prove the allegations. To date, the opposition has never ... [pauses] In this case, those who criticized more strongly are never willing to disclose evidence to prove their allegations in a situation such as this one. [end recording]

On the other hand, Arosemena pointed out that this is the time for the political parties to make available their respective contributions records.

[Begin recording] [Arosemena] We will be presenting an explicit financial report for public opinion on the past election campaign so that there will be no doubts about this issue.

[Doens] It is easy for them to open their financial records because all they will be revealing will be a lot of loans from the financial institutions, since there was no one willing to contribute a penny to support the PDC's platform.

[Arosemena] Since this was one of the most expensive political campaigns, there may even be more funds involved, and most likely there will be more drug trafficking funds in President Perez Balladares' election campaign. [end recording]

Arosemena did not indicate when he will be filing his lawsuit against Mitchel Doens.

Panama: Canal Commission President on Colombian Canal Plan

PA2106183996 Panama City Circuito RPC Television in Spanish 2300 GMT 21 Jun 96

[From the "RPC Television News" newscast]

[FBIS Translated Text] Eduardo Ritter, president of the Panama Canal Transition Commission, has said that it would be virtually impossible to build a canal through Colombia because of the high cost and the difficulty in recovering the investment. In addition, the Panama Canal has other competitors in the United States, and such competitors would be the same for any new canal.

[Begin Ritter recording] At present, it is virtually impossible to build an infrastructure of this size and magnitude and recover the cost of its construction through tolls. For example, every year, 13,600 ships transit through the Canal and bring in $460 million in tolls. At the prices quoted in 1993, a third set of locks would cost $6 billion. With the present toll structure, it would be impossible to build a work like this and expect to recover the investment with tolls. The cost would be extremely high and this would prevent such a structure to compete with the Panama Canal.

The competition that the Panama Canal faces is of a different nature. They are the U.S. coast-to-coast highways and railroads that already exist. Under these circumstances, it is virtually impossible, at present, to build a canal that can compete with the Panama Canal. [end recording]

Panama: New Foreign Minister Vows To Continue Policies

PA2406011496 Panama City EL SIGLO in Spanish 20 Jun 96 p 53

[FBIS Translated Text] In his first meeting with the national and foreign media as foreign relations minister, Ricardo Alberto Arias confirmed that his ministry will continue the same Panamanian foreign policy as that initiated by Gabriel Lewis Galindo, former foreign relations minister and current presidential adviser.

Foreign Relations Minister Arias explained that as Panamanian ambassador to Washington, he was a member of Gabriel Lewis Galindo's team. As a member of that team he took part in shaping Panama's foreign policy — of which he feels he is an integral part — just as he feels he is a part of the Foreign Relations Ministry, where he says he has a large number of very enthusiastic associates who will work closely with him.

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In general terms, Panamanian foreign policy will continue down the same road and will not be subject to significant changes. Two aspects will be emphasized: trade integration and fostering investment.

New Foreign Minister

Arias took the opportunity to present the new deputy Foreign Relations Minister Alejandro Ferrer to reporters. Ferrer is a specialist in international trade and his participation in Arias' team will be of great use, because of the experience Ferrer received from working closely in Panamanian negotiations to adhere to the WTO. In addition, Ferrer is a great democrat who has cooperated with the current administration on Panamanian trade policy issues.

Consultation at Every Level

Foreign Relations Minister Arias confirmed that the Foreign Ministry will make the necessary consultations at all political and social levels on significant issues of international policy, because most issues are national issues that require the consensus, awareness, and support of large sectors of the citizenry.

"The issue of the transition of the canal, bilateral relations with the United States, relationships with neighboring countries, all require broad national support, and you may be sure that this ministry will listen to the different opinions of each sector of Panamanian society," Foreign Minister Arias said.

The Ministry Will Always be Open to The Media

Arias indicated that the Foreign Ministry and its officials will always be available to the media because his 15-year association with LA PRENSA enabled him to understand the concerns of the media and how the media operate. Therefore, the media deserve his full respect, and he acknowledges the great importance. He understands that to conduct a sound foreign policy enjoying national support, the media must be kept informed.

U.S. Military Bases

On this important national issue, Minister Arias pointed out that the concern over the permanence of U.S. military bases is a healthy concern, which he shares. Nevertheless, the matter should not be handled unilaterally, Arias added. It is important that all Panamanians express their opinions and take a stand regarding this issue.

Arias added that the administration is still in the process of internal consultation on this issue and will try opportunely to reach a general, majority opinion regarding how to proceed on this issue, during which all opinions will be taken into account and respected.

Following talks between U.S. President Clinton and Panamanian President Perez Balladares, the two leaders agreed to discuss the issue and reach an agreement only if there were sufficient grounds to continue more serious negotiations, Arias indicated.

Foreign Relations Minister Arias reiterated the Panamanian Government's position that these negotiations will only take place if Panama perceives the nation will receive significant benefits as a result of these talks.

Arias explained that the exploratory talks, which were not quite negotiations and not quite an absence of any communications, were suspended in November 1995, and have not been renewed. However, the subject has not been banned by U.S. representatives and Panamanians, and the subject occasionally is brought up. However, at this moment, the only thing that has occurred during these informal meetings is a reiteration of the position of each of the two nations.

There aren't any talks, negotiations, or dealings of any kind at the formal level, on the issue of the possible permanence of U.S. military bases on Panamanian territory after the year 2000, Arias emphasized.

Panama Will Continue To Fight Against Drug Trafficking

The foreign relations minister reiterated the Panamanian Government's position to continue fighting against drug trafficking and drug-related crimes, for which reason Panamanian President Ernesto Perez Balladares proposed to the Rio Group and to the United States the possibility of using Howard Air Force Base, where today a center for the control of drug trafficking is operating, as well as a multinational center for continuing that task.

Arias added that the countries in the area understand that drug trafficking is a very serious problem and that they have to combine efforts to fight that scourge. Therefore, they are studying the Panamanian proposal.

Amnesty International and Human Rights in Panama

The Panamanian Foreign Relations Minister said that Amnesty International deserves all his respect and admiration for the efforts it makes to achieve respect for human rights throughout the world. However, Amnesty International's reports have to be analyzed for what they do not say as well as for what they say. Arias added that the organization reports only point out problems which exist in a country at a given moment; however, they do

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not point out areas in which there are no human rights violations.

Arias said that the notes on Panama do not refer to proven facts, but simply to information received. However, Amnesty International does not state that there are no human rights violations in Panama, that there is freedom of speech, movement, and political participation.

The Amnesty International report is 100 pages long, and in Panama's case it barely fills one page, so if any faults have been committed, they have been very few, Arias pointed out.

Conversation With Gelbard

The foreign relations minister reported on his recent conversation with Robert Gelbard, U.S. assistant secretary for international narcotics and law enforcement affairs, who assured him of his complete support and confidence in the Perez Balladares administration, which is not involved or affected by money-laundering problems. Gelbard praised the efforts being made to prevent money-laundering in Panama.

The Panama Canal

Regarding the possible construction of another canal in the region, Foreign Relations Minister Arias indicated that the inter-oceanic way is not a monopoly, because there are several ways to ship cargo from coast to coast; however, the existence of an alternate route would mean more competition. However, that competition is difficult, because the Panama Canal has already been paid for and has over 100 years of experience. In addition, it would be cheaper to make the current canal a sea-level canal or to widen it, than to build a new canal. All routes have been studied and discarded, Arias emphasized.

Heraclides Sucre

Regarding the case of former the Panamanian officer [Heraclides Sucre] given political asylum in Peru, Foreign Minister Arias indicated that it was not a case of political persecution, but of the enforcement of a legal verdict being handled through the proper courts.

Panama: President Views Privatization of Pensions, Ports

PA2406021696 Panama City Telemetro Television Network in Spanish 1730 GMT 21 Jun 96

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] The president spoke today with the media on several current topics, including warnings by the Association of Colon Free Zone Users on the future of that free zone area and the privatization of the ports. President Ernesto Perez Balladares also believes that the Social Security Fund's pension system needs to be reviewed.

The president replied to the free zone users, who ask that the government take prompt action in response to the financial report and the universalization of the incentives law.

[Begin Perez Balladares recording] I believe that would be truly fatal. I think that another strike would cast the worst image and message that could be sent to the international and business community. We have the best intention of finding a solution that will ensure growth and a positive outlook for the free zone. This includes — and I have said this to them and I repeat this affirmation — a review of everything that could be negatively affecting the free zone, including the universalization of the incentives law. What cannot be accepted is forcing things or doing them with extraordinary haste, which could cause future mistakes. [end recording]

On the topic of privatizing pensions as an alternative to future complaints by retirees, Perez Balladares said that the best option should be one that is comprehensive and not individual.

[Begin recording] [Unidentified reporter] Is it necessary to privatize pensions?

[Perez Balladares] I do not have any preconceived position and do not discard any alternative. I believe that there are experiences in various countries, some good and others not so good. We can learn from the best experiences and design our own system. [end recording]

Perez Balladares has a low opinion of the Colombian Government's intention to build a sea-level canal, because it would be a costly project. He said that Panama is currently the best alternative.

On the privatization of ports and the railroad, he announced that no bids have yet been awarded.

[Begin recording] [Perez Balladares] No decision has been made yet; there is a recommendation by the commission.

[Unidentified reporter] What is it?

[Perez Balladares] It was recently published in the newspapers, but I have not yet decided. I will have to decide this next week, together with the cabinet. [end recording]

The president of the Republic did not say who would be the new ambassador to Washington because, as he said, diplomatic consultations are still taking place.

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Argentina

Argentina: U.S. Envoy Said 'Meddling' in Patent Law Issue

PY2406203696 Buenos Aires LA PRENSA in Spanish 20 Jun 96 p 3

[FBIS Translated Text] The strife over the pharmaceutical patent law was resumed on 19 June, when U.S. Ambassador James Cheek, after wisely remaining silent for various months, stressed: "It is impossible to make investments in pharmaceutical research in Argentina, as it is unfortunately one of the countries that does not protect intellectual property."

A rejoinder by Peronist Deputy Humberto Roggero, Chamber of Deputies Industry Committee chairman, did not take long: "Cheek is not a diplomat representing his country, but a professional lobbyist [preceding word in English]. He is lying, as Argentina has a very good patent law. With his unending meddling in our domestic affairs, he is making efforts to have our patent law changed."

Cheek thus confirmed his country's rejection of the contents of the patent law that was enacted in March. During a seminar on this issue sponsored by the Argentine Industrial Union (UIA), Cheek pointed out: "Sometimes it takes five or six years of testing for the scientists to establish if a medicine is safe or works well and, in this industry, legal protection is essential."

The U.S. ambassador also pointed out that the United States does not have any blacklists of states that are violating intellectual property rights. Nevertheless, the U.S. Foreign Trade Office in Washington released in April a list of countries liable to receive trade sanctions for violating these rights. Argentina appears on this list as a country "under observation."

Argentina: Senator Accuses U.S. Envoy of Hiding Data on IBM

PY2406211596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1742 GMT 22 Jun 96

[FBIS Translated Excerpt] Buenos Aires, 22 Jun (NA) — UCR [Radical Civic Union] Senator Leopoldo Moreau, Senate first vice president, today accused U.S. Ambassador James Cheek of hiding information on the IBM-Argentine National Bank case. He noted that if the U.S. ambassador continues to hide information, the UCR would file an appeal with the U.S. State Department.

Two weeks ago Moreau asked Cheek "to speed up" the paperwork for the U.S. Department of Justice to report the identity of the holder of a bank account in Citibank in New York in which the alleged $37 million bribe paid for signing the contract had allegedly been deposited.

Moreau pointed out: "Cheek acts the same way the U.S. Department of Justice does, which has not responded to the judge. He did not answer me directly, but actually answered me through the newspapers."

In this regard, the UCR congressman complained because Cheek "not only failed to answer the petition, which represents an act of discourtesy which does not affect me personally as it is an attitude occasionally taken by U.S. ambassadors to Latin American countries, but also contradicts the U.S. stance vis-a-vis corruption."

In an extremely harsh accusation against the U.S. Government and the U.S. ambassador to Argentina, Moreau said the United States "claims it is struggling against corruption, but, when the time comes to implement this struggle, it fails to come through."

In remarks to a radio station this morning, the UCR congressman said Cheek voiced an "unusual" defense for IBM, noting that there are suspicions alone. He asked the U.S. ambassador to bear in mind "the existence of 30 people indicted and at least two bank accounts in which part of the bribe was deposited."

Moreau emphasized: "The U.S. ambassador's attitude is very unfortunate, as he actually engages in meddling in the patent law issue." [passage omitted]

Bolivia

Bolivia: News Summary for 21 Jun

96CA0203A (Internet) Bolivian Social Communications Ministry WWW in Spanish 21 Jun 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [passage omitted]

Political News [passage omitted]

Deputies' Resignations Need Reconsideration

The resignations of 10 of the 22 deputies implicated in the "sobredietas" [congressional corruption scandal in which deputies tried to lengthen their government service time to qualify for larger longevity bonuses] case need to be reconsidered, because the Chamber of Deputies neither accepted nor rejected these resignations, said the second deputy director of the MNR [Nationalist Revolutionary Movement] and president of the Senate, Juan Carlos Duran.

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That is how he interprets the legal regulations governing cases in which a person voluntarily decides to leave his position in an "irrevocable" manner, especially in a process in which the National Electoral Court has issued credentials to the replacements of the deputies who "resigned." [passage omitted]

Social News [passage omitted]

Yungas Coca Growers Declare State of Alert

The coca growers of the Yungas have declared a state of alert to prevent the government from carrying out its intention of destroying the "allegedly surplus coca crops" which the government claims exist in the Yungas region. Campesino leader Juan Huanca made this announcement, saying that the government is wrong in thinking that the Yungas coca growers will allow the coca planted in that subtropical region of La Paz department to be eliminated.

Economic News

YPFB and BRASPETRO Sign Contract

Yesterday YPFB [Bolivian Government Oil Deposits] signed a joint venture contract with BRASPETRO [PETROBRAS International, Inc.] to explore and develop the gas fields of San Alberto and San Antonio, located in Bolivia's Tarija department.

The estimated investment will range between $50 and $70 million for exploration; later over $500 million will be required to develop the gas fields, said BRASPETRO's vice president, Jose Coutinho. Production could begin in 1999.

Mismanagement of Drug Assets Acknowledged

The national secretary for social protection, Victor Hugo Canelas, has asknowledged that during former administrations there was "anarchic" management of assets seized from the drug traffic. That is why losses are now being reported.

While taking care to exclude his own management from this critical assessment, the leader of the antidrug effort spoke out in response to a report by the Narcotics Commission of the Chamber of Deputies on the disappearance of over $100 million in cash, real estate property, and vehicles. [passage omitted]

General Information [passage omitted]

Arms for Bolivia Not Diverted, Says Attache

Argentina's military attache, Naval Captain Carlos Alberto Gaut, said that he does not believe that the arms which Bolivia sought to purchase from his country in the amount of U.S.$51 million were diverted elsewhere. Instead, he reiterated that this was an arms acquisition which did not actually take place.

Brazil

Brazil: 'Partial' Strike Causes Clashes, Lacks Support

PY2206034796 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 21 Jun 96

[FBIS Translated Excerpt] The general strike called by the CUT [Sole Workers Center], CGT [Central Federation of Workers], and the Union Power ended up as a partial strike. Stores and means of transportation slowly started to function normally throughout the day. The first hours of the strike, however, were marked by violence. [passage omitted]

Several buses have been destroyed in various cities: 58 in Sao Paulo; 13 in Porto Alegre, where a driver was injured; 13 also in Belo Horizonte. In Betim, Minas Gerais, 16 metalworkers were arrested. Strikers blocked a highway in Vitoria and caused traffic jams. [passage omitted]

In Brasilia, buses did not work, but everything was normal at the ministries because the federal administration had threatened to deduct the hours not worked from the salaries of the striking public employees. [passage omitted]

The presidents of CUT, CGT, and the Union Power said that the strike was a success because 12 million people remained at home today. They said that they will organize further demonstrations. [passage omitted]

[Sao Paulo AGENCIA ESTADO in Portuguese at 2332 GMT on 21 June adds: "In an official communique released today, the Sao Paulo State Federation of Industries reported that nearly 20 percent of the industries suspended their work, although the strike was fully complied with at the Ford, Toyota, and Volkswagen plants in Sao Bernardo do Campo, Sao Paulo, while the administrative department of the Mercedes plant, however, functioned normally," and deems the general strike "a failure."]

Brazil: Cardoso, Labor Minister Term Strike 'Failure'

PY2206002796 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 21 Jun 96

[FBIS Translated Text] Labor Minister Paulo Paiva stated today that the strike called by the trade union federations was a failure. He believes the strike was prompted by political, partisan motives.

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Paiva stated that today's general strike failed to garner popular support because there is no crisis in Brazil and thus a strike cannot be justified. He believes the strike would have been valid if had been prompted by a widespread economic or institutional political crisis in Brazil. Paiva said the strike also failed because its demands are vague and it is politically and electorally oriented.

[Begin Paiva recording] I believe another factor that could have influenced the low level of compliance is its political, partisan nature. Opposition parties took an active role in the strike, to the point that calls to join the strike were made through opposition party channels. Thus, the strike pursued political, electoral ends. [end recording]

Citing figures, Paiva showed economic improvements have been made in Brazil. Labor Ministry figures show average real wages rose by 20 percent from the time the Real Plan was implemented in July 1994 until April 1996. He added that annual inflation dropped from 2,489 percent in 1993 to 929 percent in 1994, and to 22 percent in 1995.

President Fernando Henrique Cardoso today made the following remarks on the strike called by the trade union federations. He said the people chose to work to meet some of their demands. Presidential spokesman Sergio Amaral cited the president's comments.

[Begin Amaral recording] The president's evaluation of the strike, which is an evaluation shared by virtually all Brazilians, is that the people chose to work to push for their demands, some of them truly legitimate ones, through means other than a strike. The strike was only partially observed. It was largely dependent on the availability of means of transport, and the strike has had a very small impact in some cities. In Belo Horizonte, only 30 people attended a rally outside the Liberdade Palace. [end recording]

Amaral stated that the people rejected some acts of violence perpetrated by the strike organizers, especially in Sao Paulo.

On 1 July, on the second anniversary of the Real Plan, President Cardoso is scheduled to record a speech on the real and on the good changes it has brought to the Brazilian people.

Brazil: Cardoso Calls Land Occupation 'Security Issue'

PY2006210396 Sao Paulo AGENCIA ESTADO in Portuguese 2250 GMT 19 Jun 96

[Report by Tania Monteiro]

[FBIS Translated Text] Brasilia, 19 Jun (AE) — President Fernando Henrique Cardoso today formally said that he considers the escalation of land occupations and violence in the countryside a national security issue. This is the first time the topic is discussed at the Foreign Affairs and State Defense Chamber, which gathered at Planalto Palace 10 ministers, including all the military area ones. One of the conclusions reached during the meeting was that the Landless Peoples' Movement [MST] has lost control over its members. According to some of the officials attending the meeting, this conclusion worried President Cardoso very much.

According to the military ministers, groups within the MST began to split into sub-groups and to compete for political space. "The MST leaders do not want land, they want to wave the flag of struggle for the land, because it yields a large amount of political dividends," one of the officials attending the meeting said. Faced with prospects that the MST may adopt radical positions, the military ministers placed their troops at the disposal of the National Land Reform and Settlement Institute in order to prevent the occupation of public buildings. The military ministers prefer to avoid a more direct participation in operations conducted in the countryside, for fear of bloodbaths.

The military ministers are willing to assist the federal administration by supplying data on the progress of the MST and by guaranteeing the security of public assets. They entirely discard the possibility of assisting Military Police forces in evacuating occupied areas. "This is a judicial and police matter," a military general said. According to him, before summoning the military to any such type of operation, the federal administration can still resort to the Federal Police.

According to what President Fernando Henrique Cardoso reported to Agrarian Reform Minister Raul Jungmann, the federal administration is determined not to settle landless farmers in occupied land. President Cardoso, as well as many members of the administration, were indignant about the radical positions being adopted by the MST. They cited, for example, the occupation of the Cikel farm, at Buriticupu, Maranhao States. The landless people had already been peacefully evicted on 28 May because the settling process was in its final stage and was going to be concluded within a few days. On

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11 June, a few days before the process concluded, the farm was again occupied.

According to another official attending the meeting, the president said that the principle that "occupied land will not be used for settlement purposes" will remain in force. Minister Jungmann was summoned for the meeting late in the afternoon. Before Jungmann was invited, Justice Minister Nelson Jobim; Armed Forces Joint Staff Commander, General Benedito Leonel; Army Minister General Zenildo Lucena; Aeronautics Minister Lelio Lobo; Navy Minister Mauro Pereira; Foreign Minister Luiz Felipe Lampreia; Civil Household Chief Clovis Carvalho; Military Household Chief General Alberto Cardoso; and Strategic Affairs Secretary Ronaldo Sardenberg had already confirmed their presence.

Brazil: Farias's Death May Shift Probe of Administration

PY2406144996 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 24 Jun 96

[FBIS Translated Excerpt] Justice Minister Nelson Jobim has decided that the Federal Police will follow the investigations by the Civil Police into the death of businessman PC [Paulo Cesar] Farias and his girlfriend, Susana Marcolino. Farias faced 106 charges, of which 78 of the investigations have already been concluded by the Federal Police. [passage omitted]

Farias' death may change the course of the more than 30 court proceedings and investigations into the so-called PC corruption scheme created during Fernando Collor's administration.

On 28 June, Farias was going to be questioned by Justice Neri da Silveira, of the Federal Supreme Court, to explain details of the court proceeding in which he and former Finance Minister Zelia Cardoso de Mello faced corruption charges. [passage omitted]

Brazil: Cardoso's Opinion of Brazilian State Viewed

PY2206011296 Rio de Janeiro O GLOBO in Portuguese 15 Jun 96 p 4

[Commentary by Franklin Martins in Brasilia: "FH and the Brazilian State"]

[FBIS Translated Text] The president of the Republic's diagnosis about the Brazilian State is that it is about to fall apart. There is still some efficiency and professionalism — Itamaraty, the Armed Forces, the Federal Revenue Secretariat — but apart from these exceptions, the operational capacity of the federal administration is extremely low. Broad areas of the public service openly distrust the administration and play against it.

The president believes the situation is so serious that if there had been no positions at the DAS [Higher Directorate and Advisory Group] to be filled with people who do not belong to the public service cadres, it would have been impossible to continue to make the administrative machine function. The highest salaries at the DAS range from 4,000 reals [R] to R6,000. This makes it possible to attract private area experts, who are indispensable to supply new blood to the public administration, which has already thrown in the towel.

Nevertheless, what has the Cardoso administration done so far to overcome this situation? Little, very little. It has basically concentrated its efforts on getting the constitutional provisions that regulate public administration approved, believing that revoking the public stability of employees — and other privileges — is the only possible step toward the implementation of serious changes in this area. When the administrative reform clogged, the federal administration started to muddle through the bankrupt mass that it has the obligation of administering.

It would be a mistake, however, to exclusively blame Congress for the lack of results for this area. The federal administration is tremendously apathetic for one very simple reason: It does not have a unanimous political opinion about what type of government must be implemented from now on. In private conversations, the president of the Republic admits that. He makes a point of saying, however, that personally he has clear ideas about the issue. We should expect this type of reservation from an intelligent intellectual who is as full as vanity as the president.

At the moment of making an alliance around Cardoso's presidential candidacy, the Brazilian Social Democracy Party [PSDB] and the Liberal Front Party [PFL] agreed on the need to dismantle the government apparatus that dated from the era of Getulio Vargas, which has survived thanks to recappings and liftings [preceding word in English] during the military dictatorship. Members of the PSDB and PFL admit that this government model, which invests in the economy and is somewhat paternalistic regarding the social area, has been a progress factor for many decades, although currently it has become an obstacle for development. Nevertheless, although the two parties agree on the need to end this inheritance, they do not agree how to define the sort of government they want in the future.

At least in theory, the PFL is happy with the idea of having a minimum public apparatus. The less the federal administration intervenes in the market, the better. The market is allegedly a perfect or almost perfect being; efficiency, economic development, and

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social justice depend on its free functioning. Basically, the only function of the government is to keep possible hindrances far from the market's self-regulating world.

The PSDB, however, rejects this vision, at least in theory. The PSDB members believe that without a regulating action by the government, the market will concentrate incomes, heighten social and regional inequalities, and favor the establishment of oligopolies and cartels, the interests of which cannot surpass those of society. In other words, the strongest would always prevail in the market and it would be up to the government — which acts in a more democratic terrain that is permeable to the influence of the majorities — to limit this.

Some say that, in practice, the PSDB and PFL are less divided on the issue than their discourses lead us to believe. Several members of the PFL defend the idea of a small Brazilian Government only in theory because they draw their political strength from the control they exert over the government behind the scenes. They would not shoot themselves in the foot over a beautiful theory. Several PSDB members may have been enticed in this global world by the charms of the market, and replaced on their altars the idea of solidarity with that of efficiency at any price.

The president asserts that he remains faithful to social-democratic ideals. Cardoso believes the government cannot give up its duty of regulating the economy, nor relinquish its obligation of transferring income to less-favored areas of society, particularly through massive investments in education. The president is not convinced that the market must be worshipped, although he claims to be a man full of faith. If it were up to him, the government would continue to have an active role in national life, but be deprived of the interventionist characteristics it had during the era of Getulio Vargas and of the appendixes added to it in recent decades.

Nevertheless, we will not see Cardoso placing all his chips on solving this issue in a very near future. Although the government apparatus he wants to dismantle is already showing signs of fracture, it is still whole and functioning. To hastily induce a debate right now might split the forces that are interested in demolishing the government. This is why the president believes it is more prudent to leave the matter on the back burner. This makes his movements easier as a political coordinator. This debate will probably surface at the end of the year, when the municipal election returns become known. He will then have to reorganize the cabinet in order to prepare the country for his reelection or succession. If this is how he will handle the situation, his period in office will have been divided into two parts: The first devoted to dismantling the Vargas era gubernatorial apparatus, and the second devoted to setting the bases for a new government model. Considering what has been achieved during the first part, however, we should not expect too much from the second.

Brazil: Pio Borges Replaces Landau as Privatization Head

PY2206035996 Sao Paulo AGENCIA ESTADO in Portuguese 2229 GMT 21 Jun 96

[Report by Odail Figueiredo]

[FBIS Translated Text] Brasilia, 21 Jun (AE) — Pio Borges, vice president of the National Bank for Economic and Social Development (BNDES), will replace Elena Landau — who resigned early this week — as the BNDES director for privatization. On announcing Borges' appointment, Planning Minister Antonio Kandir today stated that the change of director will not affect the basic privatization guidelines. Kandir said: "The privatization program will continue to move on the established course."

The appointment of Borges, who will concurrently perform the duties of privatization director and vice president, was decided this morning during a meeting held by Kandir with President Fernando Henrique Cardoso at Alvorada Palace. According to Kandir, the only change in the program will be "a better presentation" of the administration's timetable for future actions. The National Privatization Council (CND) will define this timetable in a meeting to be held on 27 June.

The agenda to be established by the CND will encompass future auctions of state-owned companies, including the actions the administration will have to take to facilitate the leasing of state-owned property — as has been done in the case of railroad companies — and the franchising of public services to private companies.

Kandir emphasized that during this new stage of the program, at which private companies will take charge of state-owned infrastructural facilities, the administration's basic objective will be to reduce what has been known as the "Brazil cost;" that is, those factors that make the production and marketing of products more expensive in Brazil than abroad.

Kandir said: "The program is primarily designed is to create a system that would be highly geared toward making the Brazilian economy competitive." This requires providing more efficient transport, ports, railroad, power, and telecommunications services. The goal, Kandir said, is to bring production costs down, in addition to "creating an economic structure that would yield high returns to investors."

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Brazil: Brazilian, Argentine Patent Laws Compared

PY2406201596 Buenos Aires GAZETA MERCANTIL LATINOAMERICANA in Spanish 16-22 Jun 96 Section II p 16

[FBIS Translated Text] When Argentine Economy Minister Domingo Cavallo criticized the Brazilian Patent Law and argued that it violates the Trips (Trade Related Intellectual Property Right) accord of the WTO because it demanded the local manufacture of chemical and pharmaceutical products as well as food, he was simply trying to start a controversial dispute with Brazil in order to attract to his country new investments that have been announced for Brazil.

As a matter of fact, the local manufacture issue, about which the Trips accord text is ambiguous, is not the crucial source of irritation for the Carlos Menem administration, which failed to obtain from the Argentine Congress a tolerant law toward foreign investment. The main differences among the laws on industrial property of the various Common Market of the South [Mercosur] members, which influence the foreign investors' decisions are:

1. The Argentine law is different from the Brazilian one because it does not contemplate the pipeline [preceding word in English] mechanism, which consists of recognizing patents that have already been granted in other countries, the products of which are not being traded in any market due to the protection period still in force in the country where the patent was originally registered. This mechanism is already in force in Brazil where requests for registration of nearly 1,500 pharmaceutical patents are being waited.

2. The Argentine law will grant patents to new areas — such as those of pharmaceuticals, chemicals, and food — only in five years, beginning October 1995. In Brazil, the patents process for these areas will start on 14 May 1997, i.e., one year after President Fernando Henrique Cardoso sanctioned the law.

Cavallo's criticism was quietly refuted by the Brazilian Government during the frequent dialogues held with Argentine officials and was intentionally not disclosed to the press. The Cardoso administration did not want to create disputes with its main partner within the Mercosur but, according to information obtained by this weekly, the answer was incisive: "It is not up to any country to judge whether Brazil has complied with the Trips accord or not," a high-ranking government official allegedly said in Brasilia.

Article 27 of the Trips accord establishes that there can be no discrimination between products manufactured locally and the imported ones. At the same time, however, it calls for compliance with the Paris Convention provisions, particularly those related to Article 5, which is very clear and firm: The country can grant a mandatory license if the patent is not locally exploited.

If any complaint is filed at the WTO by a partner who feels harmed because the Brazilian law goes against what is established by the Trips accord, and this can only occur beginning 1 January 2000, "Brazil will defend its point of view." If Brazil wins the dispute, there will be no need to modify the law. According to the Trips accord, no country can start procedures for solution of a controversial issue or a dispute until the transition term of the WTO accord on intellectual property for developing countries expires (31 December 1999). The Brazilian law requires local manufacture — which must have the appropriate license — except in cases of economic infeasibility to manufacture the product in Brazil. In that case, exploitation of the patent through importing will be admitted. It can be understood as a case of economic infeasibility, for example, a specific laboratory's lack of capacity to produce but very small quantities. As a result, the enterprise that owns the patent will be authorized to import the product, just like the other companies interested in it.

According to the federal administration, this parallel importing procedure — i.e., permission to exploit the patent through imports due to and under the excuse of economic infeasibility to manufacture the product — has been functioning in Brazil as stimulus for local manufacture because this is the only way to ensure an absolute market exclusivity. If the patent holder imports a specific patented product, he will have to compete with parallel importers.

In Argentina, parallel imports are unconditionally and automatically accepted, i.e., they do not depend on the patent holder's authorization. Buenos Aires officials argue that the mechanism contributes to control the price of medicine and of other patented products. Argentine laws contemplate the exploitation of patents by local manufacture or import.

The Trips accord does not force the countries to grant the pipeline mechanism. When it adopted this mechanism, however, Brazil pointed out that it was interested in attracting foreign investment. It was not accidental that Foreign Minister Luiz Felipe Lampreia reported in the Senate in August 1995, while the patent bill was still being debated, that "instead of imitating Argentina, Brazil will probably take the opportunity to issue, the soonest possible, an advanced law on industrial property with the legitimate hope that productive investment meant for Mercosur will, as a result, be brought to Brazil."

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Argentina, as well as Brazil, accepts requests for granting of temporary exclusive trade rights for agrochemicals and pharmaceutical products in the terms of Article 70.8 of the Trips accord. This case, however, has no relation whatsoever with the pipeline mechanism. The exclusive trade rights are not equivalent to the protection granted by patents.

The differences between the two countries' laws, especially those related with protection granted by patents, prevent — in practice — a harmonization and an accord on industrial property within Mercosur. The issue has been very much discussed in the Intellectual Property Commission of Mercosur, which functioned until the customs union went into force in January 1995. The work of the committee, however, resulted only in an accord on regional brands. The issue is being discussed by a subgroup currently working on an industrial policy for Mercosur.

The U.S. Government considers the Brazilian law "modern and stimulating for the expansion of foreign investment in the country," said U.S. Ambassador to Brazil Melvin Levitsky. Sanctioning of the new law has put an end to a long-lasting conflict with the United States, which started in the mid-1980's.

U.S. Trade Representative [USTR] Charlene Barshefsy said that the patent law "will help Brazil to become the region's leader with regard to intellectual property rights and will make the country more attractive for investments and technological development."

Deputy USTR Stuart Eizenstat said in an interview to this weekly that Washington hopes Brazil approves more swiftly the laws on software, copyright [two preceding words in English], and protection to integrated circuits topography. Eizenstat reported that Brazil will be withdrawn from the list of "priority observation," which is a mechanism for trade pressure established in the United States, as soon as these projects, currently under debate, are approved.

Brazil: Strategy for Associations With NAFTA, EU Viewed

PY2006175396 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jun 96 p A3

[Editorial from the "Notes and Information" Page: "Mercosur, Europe, and NAFTA"]

[FBIS Translated Text] The meeting of foreign ministers of Mercosur [Common Market of the South] and EU countries, which has just been held in Brussels, unfortunately does not prove the free-trade zone agreement that the two organizations signed in December 1995 is being properly implemented. Almost nothing was done during the first half of the year. Inertia, however, is not the main obstacle to the partnership. The essential problem, which will crudely emerge if negotiations continue, stems from differences between Mercosur and EU interests. The Europeans see in Mercosur a market to increase their sales, whenever necessary, or as a platform for specific productive investments. Thus, there will be enormous internal resistance to a tariff structure agreement that will please Mercosur. Europeans strongly rely on the strategy of looking at the four Mercosur countries as clients who will buy, without reciprocity through breaks in their tariff fortress. EU farm protectionism will be one of the main arguments.

The Brazilian Government — and everything points toward the other Mercosur countries — will not seek confrontation on that issue. Negotiations for the creation of a free-trade zone are painstaking and specific. Brazil is fortunately not the only country that has to cope with European protectionism; and just like the EU, it is not Mercosur's only possible partner. There are variables that can be used in our favor.

In Brussels, Brazilian Foreign Minister Luiz Felipe Lampreia made the Europeans understand that they are going slower — in terms of speed and achievements — than the negotiations between Latin American countries and the United States over the creation of a free-trade zone of the Americas as of 2005. In fact, after the Miami summit, work groups were created to examine each necessary step to begin eliminating, within 10 years, the tariff and non- tariff barriers between the countries of the hemisphere. In the United States, the effort is being coordinated by the vice president and by President Clinton's special senior adviser. That is the importance the Democratic government attaches to this continental integration effort. The many work groups — each one headed by a representative of the country that is closer to the problem — hold regular meetings and produce results. Concessions are being studied in the field of commerce to see what must be changed.

From a political viewpoint, for Washington it is ideal to conduct bilateral negotiations in order to make use of its immense specific weight. In the case of Mercosur, bloc-level negotiations are better for Brazil. This way it will be possible to create a hemispheric free-trade area, and the sphere of action of Mercosur will spread within South America.

Moreover, it would be advantageous for Brazil if the processes of association with the EU and the United States (or NAFTA) run along parallel lines and at similar speed. Both areas account for the same percentage of Brazilian foreign trade, reflecting a natural trend that would not be prudent to replace by a

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preferential option for one of the blocs. Keeping a balance between North America and the EU is a political objective that seeks to preserve the Brazilian economy from sudden shocks that might occur in case of excessive dependence. The same concern marks the speed of the association process that the Brazilian Government wants. In the case of the EU, Brasilia is in a hurry because its unilateral initiatives have not been echoed in Brussels. Two lines of action are possible. The first is to go beyond the master agreement signed last year, giving it an operational character, by creating work groups to examine in detail the needs and the possibilities of creating a free-trade zone. The second is to make the Europeans feel uncomfortable over the mismatching economic opening of the two blocs. While Brazil, which is striving to achieve development, has opened its economy, the EU has maintained areas of protectionism, preventing commerce from becoming more fluent.

Part of Itamaraty's strategy is to accelerate negotiations with Europe, yet without accelerating too much the association processes as a whole. The 2005 deadline was established to prevent the impact of economic liberalization — which will be produced by the free-trade areas in the hemisphere and with the EU — from intensifying the effects of the unilateral economic opening enforced over the past few years, which were expanded by the rapid consolidation of Mercosur and by the evolution of the international trade regulatory system, with the transformation of GATT into the WTO.

Brazil: Cardoso Optimistic About Economy

PY2006215296 Rio de Janeiro O GLOBO in Portuguese 13 Jun 96 p 4

[Commentary by Franklin Martins, in Brasilia: "FH and the Economy"]

[FBIS Translated Text] President Fernando Henrique Cardoso is optimistic about the economy and sees no reason for nervousness. He disagrees with those who believe that the real is overvalued and point out the danger of an exchange crisis in the medium term. He does not worry about those who suggest that the country has taken many risks in basing the stability of its currency on the exchange and monetary anchors. He believes that those who predict catastrophes will be proven wrong.

Two years after the implementation of the Real Plan, President Cardoso believes that the results of the plan are clearly positive. This year, the inflation rate will probably stand at about 12 percent, the so-called inflationary memory is not as strong as before, and there has been an expressive transfer of income to the poorest strata of society. Cardoso points out that all this has been achieved without having to plunge the country into recession. The most the federal administration had to do was to step on the brake by implementing restrictions to credit and to the amount of currency in circulation when last year's consumption increased too much and threatened to detonate a new price escalade. The measures adopted by the federal administration eliminated these risks, although they have also brought about a drop in economic activities. In Cardoso's opinion this drop has been something bad, but not catastrophic. The latest indexes, however, seem to show that this stage is over. Cardoso asserts that after July, the economy will grow 4 percent per year.

Interests have been very high, and are still high, the president admits, but have already dropped quite a lot. The certificates the federal administration is launching on 13 June are yielding their owners nearly 1.9-percent per month. As the monthly inflation rate has been around 1 percent, we can no longer say that interests are amazingly high. Hasn't President Cardoso admitted in his recent visit to France, however, that interests in Brazil are lethal? He explains that the problem is not resulting from primary interests — those the federal administration pays to people who purchase its certificates — but to the compulsory deposit rigid rules, which have taken most of the currency out of circulation. As the Central Bank is said to be slowly injecting money into circulation again, the president believes that the situation will improve. He also believes that the drop registered in the level of primary interests will have repercussions in the interest rates that banks and other financial institutions charge from entrepreneurs and consumers. But this is something we can only believe in after seeing it happen.

The second bottleneck is that of the fiscal adjustment. President Cardoso also believes that remarkable progress has been made on this front. Regarding tax collection, Cardoso emphasizes that the Federal Revenue Service has been collecting nearly 8 billion reals [R] per month. When tax collection reached the R4 billion level during Itamar Franco's term in office, the fact was hailed as a historic event. From the point of view of expenditures with personnel, which exploded as a result of the salary increases authorized by the last administration, the situation is still rather out of control due to legal and even constitutional provisions that allow automatic granting of bonuses, as well as expensive and unjustified retirement. These problems can only be solved through constitutional reforms, and these are still dragging along in Congress. The executive branch has adopted all the measures that depended on it and the fact that the public employees' salaries have not been readjusted this year

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proves that. In a challenging tone, the president mentions this fact to those who accuse him of not resisting more firmly excessive expenditures. He has reasons to use this tone. What entrepreneur has been able to refuse granting his employees a single penny increase for 18 months?

President Cardoso is also satisfied because, although the administrative reform has yet to be approved, several governors and mayors have actively sought and found creative solutions to reduce their expenditures with public employees' salaries. These adjustments are allegedly beginning to function in states and municipalities and their results won't take long before starting to indirectly benefit the federal administration which, one way or the other, ends up by having to pay for other bills of the executive branch.

Cardoso also asserts that the reduced interests of the certificates issued by the federal administration will gradually help downsizing public expenditures. Results on this front, however, are slow because the certificates being currently redeemed still yield profits based on rates established last year. All in all, Cardoso says that the situation is not as bad as the economists make believe. Our fiscal deficit will stand at about 2.5 percent of the GDP, instead of the 5 percent registered in 1995. The EC establishes for its members the 5-percent goal.

Summarizing, the president is convinced that the Real Plan is getting along well and that the economy is recovering. Regarding the unemployment issue which, according to him, has never reached alarming levels during his administration, the worst is over. The president is optimistic because the amount of money being invested in the economy, particularly foreign money, is increasing. From January to June, foreign investment in the productive area totaled $4 billion. It is deemed that by December the total will add up to as much as $8 to $10 billion, although from January to June 1995 this sort of investment totaled only $900 million.

Therefore, Fernando Henrique Cardoso believes that, in immediate terms, the economic situation is good and he is more optimistic still with regard to the future. His criticism of the economists, however, is becoming harsher:

They do not know how to lift their heads and look far into the distance.

But we will only talk about what Fernando Henrique Cardoso thinks of the future tomorrow.

Brazil: Economists Say 'Worst Is Over'

PY2006232596 Rio de Janeiro JORNAL DO BRASIL in Portuguese 12 Jun 96 p 21

[Article by Claudia Safatle]

[FBIS Translated Text] Brasilia — Government economists assert that the worst is over. The economy now tends to start a cautious warming process, the effects of which will be felt by September or October. At the end of the year, the activity level indexes will probably indicate a growth rate of 4 percent, while industrial production will be growing around 5 or 6 percent. This does not mean that growth this year will be above a mediocre 2 or 2.5 percent, but it indicates that the behavior of the economy at the end of the year, which was designed for 12 months, will be increasing by 4 percent and we must say that is not a wonderful rate.

These prognostics, which have been made by the Finance Ministry and the Central Bank [BC], are based on the mismatched effects of all the measures already adopted in the field of credit deregulation, dropping interest rates, and easing of the banks' compulsory deposit in the BC. Francisco Lopes, BC director for monetary policy, asserts that the measures already adopted take from five to six months to yield results. Acting Finance Minister Pedro Parente also believes that: What has been done since February, with the appropriate gaps, entitles us to a certain degree of optimism. Both economists believe that the country has already hit the bottom of the pit and is now coming up to the surface.

For the time being there is only a great deal of rooting; a noticeable and persistent reaction in sales; and a timid industrial production. According to Brazilian Institute of Geography and Statistics data, industrial production increased by 2.6 percent in April, compared to March. This growth is still negative this year, standing at minus 7.5 percent, and has dropped by 5 percent in the last 12 months.

In real terms, sales in April were 3.2 percent higher than in March, and continued increasing in May. It is also noticeable that individuals' insolvency has decreased. From January to May, the volume of people who were late in paying their installments decreased by 6.6 percent compared to the same period last year. The names of 95,000 people were thus withdrawn from the Credit Protection Services registries and these people are now entitled to new credit. Increased sales are the first indication that the worst is over. Only after sales increase, the amount of orders made to industries increases, and only when this occurs manufacturers begin to hire more people.

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The situation of the national enterprises is still bad. In May, 1,421 Sao Paulo enterprises have had their bankruptcies requested, i.e. 54.6 enterprises per week day; while in April their number stood at 1,307, i.e., 52.2 enterprises went bankrupt per day.

Finance Ministry coordinator Rogerio Mori believes that in the opinion of most of the economic area members "the worst is over, although there is still a great deal of disparity in certain areas of the economy." During the last six months, when our economic activities hit rock bottom, the area that did quite well was that of electrical-electronic appliances. The automotive area cannot complain either. The economists believe that these areas of the economy have been benefited by credit founded on foreign resources, which is cheaper.

As a result, the number of refrigerators sold per month increased by 30 percent; the number of VCRs sold in May was 44 percent higher than in April; and that of color television sets has increased by 13.4 percent this year.

Planning Minister Antonio Kandir's mission is directly linked to the resumption of economic growth. President Fernando Henrique Cardoso has given the new minister the task of opening the path for post-stabilization development. Kandir has already chosen task number one: to open space for increased exports without having to modify the exchange policy. Only by exporting more, can the country import more without having to establish restrictions to foreign investment. Three measures would have to be adopted to this extent:

1: To exempt products meant for export from taxes that render them more expensive and less competitive in the international market. In this regard, the tax reform being debated in Congress as a constitutional amendment would have to be split into many parts and the clause that refers to exempting products meant for exports from paying taxes should be implemented through a complementary law.

2: To create alternative financing for exports.

3: To prioritize privatization of infrastructure areas, such as highways, railways, and ports in order to reduce the cost of goods sold abroad.

An eventual warming of the economy, however, does not mean that the number of jobs will increase. At least not for the time being.

As a matter of fact, a study conducted by Economic Policy Secretary Jose Roberto Mendonca de Barros and his adviser Rogerio Mori shows that unemployment has been increasing as a result of the policy calling for dismissal of public employees. The study, which was based on unemployment figures for Greater Sao Paulo, also shows that private enterprises are allegedly hiring people. This explains the curious phenomenon of high unemployment levels occurring simultaneously with a high level of jobs.

Analyzing what has occurred since the implementation of the Real Plan (June 1994) until March 1996, we have the following situation: The number of jobs in the private area stood at 5.4 percent, i.e., 324,000 workers have been hired. During the same period, the number of public jobs dropped by 8.1 percent (57,000 people have been dismissed). The dismissal of public employees, in addition to an increased number of Economically Active Population (PEA), has contributed to increase the level of unemployment in Greater Sao Paulo.

In other words, the unemployment issue is linked to the dismissal of public employees and to an increased number of workers available and not to the cooling off of the economy. Although these data refer to Greater Sao Paulo, it wouldn't be wrong to suppose that a similar phenomenon is occurring nationwide. The state administrations, which are in a pre-bankruptcy situation, are dismissing public employees. Simultaneously, a huge mass of youngsters, with ages ranging from 15 to 24 years, who are the fruit of the high levels of fertility registered during the 1970's, are avidly looking for jobs. According to Mori, more people are unemployed at this age. Consequently, even if the private area begins producing more, the number of available jobs will not necessarily increase or compensate for the number of public employees' dismissals plus the increasing supply of manpower.

Brazil: Article Views Structure of State, Municipal Debts

PY2206003096 Sao Paulo GAZETA MERCANTIL in Portuguese 18 Jun 96 pp A1 A4

[Article by Ivanir Jose Bortot]

[FBIS Translated Text] Brasilia — The debts of states and municipalities with banks rapidly increased during the first five months of 1996, showing a deterioration of the fiscal imbalance. The flow of Budget Revenue Advance (ARO) debts and of funded debts have more than doubled between the January-May 1995 period and the same period this year — from 2.1 billion [R] to R4.9 billion.

Loans granted to the states and municipalities as funded debts — with repayment terms of more than a year — reached R3.046 billion. The ARO operations which must be repaid within the same year they are borrowed remained at R1.9 billion, which is the same as last

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April. The privatizations encouragement and voluntary dismissal of public employees programs adopted by some states like Rio Grande do Sul explain a great part of the increased debts. Ari Pereira da Cruz, from the Central Bank Public Debt Department, said: "The fiscal situation of states will improve in the mid to long term."

The situation did not deteriorate further in May because the flow of AROs was zero. Municipalities have been prohibited by law from contracting new ARO operations since 2 April. The Treasury has told states not to contract this kind of debt.

Governors ended by seeking mid-term loans in operations with 36-month deadlines from the Federal Savings Bank (CEF) and other private banks. CEF President Sergio Cutolo told this newspaper that more than R2 billion have been lent to states at interest rates much lower than those of the ARO.

Since November 1995, when the CEF opened special credit lines, the amount of ARO operations began to diminish. The ARO debts which amounted to R2.524 billion in November 1995, fell to R1.859 billion in March 1996. The flow of ARO operations is greater because its accounting includes everything that was disbursed, without considering payments during the mentioned period.

Minas Gerais has the highest debt with the banks, with a total of R904 million including ARO operations and mid-term loans. The Rio Grande do Sul administration has a total debt of R814 million — more than 80 percent of which is funded with 36-month repayment terms. Rio de Janeiro comes third, with a debt of R547 million.

The bank debts are only part of the fiscal imbalance of the states and municipalities. The net overall debt, which includes the bank debt, the debt in papers, and the contract debt, reached R76.8 billion or 11.4 percent of the GDP in March. It increased by a net R4.3 billion in relation to December 1995.

Brazil: Major Operators Interested in Phone Services

PY2106235796 Sao Paulo GAZETA MERCANTIL in Portuguese 17 Jun 96 p C6

[Article by Heloisa Magalhaes]

[FBIS Translated Text] Swiss Telecom, France Telecom, (Italy's) Stet, Spain's Telefonica, and Portugal Telecom are candidates to become shareholders in telephone concessionaires of the Telebras [Brazilian Telecommunications Inc.] network. Italian and French operators, for example, are particularly interested in the Rio Grande do Sul Telecommunications Company (CRT).

European companies are interested in rendering cellular phone services in Brazil, as confirmed during Americas Telecom — the largest telecommunication meeting ever held in Brazil — which was closed on 14 June in Rio de Janeiro. International representatives have said Europeans want to find new investment opportunities in Brazil, taking advantage of a potential market that is comparable to that of China, India, and Russia.

Andreas Dietrich, corporate adviser to Swiss Telecom, which is headquartered in Bern, remarked: "The company is currently not operating in Latin America, but it intends to participate in tenders in Brazil." He said his company is promoting diversification, after consolidating its first participation in foreign enterprises — SPT Telecom (Czech Republic) and Jasztel (Hungary) — in the case of Jasztel in partnership with a Netherlands operator. In India, the Swiss company formed a "joint venture" and invested $150 million to buy 30 percent of Essar Cellphone shares.

The Swiss Government funded one of the largest stands at the Americas Telecom, as did Portugal which has already arranged deals in Brazil. In 1994, Telecom Portugal and Embratel [Brazilian Telecommunications Company] agreed to create the Atlantic Alliance enterprise to jointly operate on the international market, including tenders in neighboring countries, which at that time were being privatized.

During the Fernando Henrique Cardoso government, the agreement between Telecom Portugal and Embratel was transferred to Telebras, and is now being analyzed by Congress. Portugal Telecom President Luis Nabo came to Americas Telecom and contacted Telebras President Fernando Xavier, to promote relations. A Brazilian official said on 14 June that other possible partnerships were analyzed, including a proposal for Brazil's presence in Portugal, which "will be analyzed by the Communications Ministry."

The Spanish stand was also among the largest at the fair. A total of 15 local manufacturers showed their products. One outstanding stand was that of Telefonica Espanola, which was introduced as one of Europe's largest investors in Latin American telecommunications. Spanish plans for Brazil include cellular phone services and satellite operation, a sector that might be opened in 1996 if the Senate approves a bill that has already been approved by the Chamber of Deputies. Telefonica de Espana is also a candidate to buy enterprises that will be privatized.

The Spanish firm participated in the privatization processes in Argentina, Chile, Peru, Ecuador, and Colombia. In Argentina, it controls the second biggest enterprise in service quality in Latin America, according to

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the International Telecommunications Union (ITU), a United Nations organ that sponsored the Americas Telecom fair. Top of the list is Telecom (also on top in Argentina), which is controlled by France Telecom, Stet, and Morgan Bank. Telebras network ranks third, while the privatized CTC [Telephone Company of Chile], of Chile, ranks fourth.

ITU data on South America explains the interest of large operators. In the 1990/94 period, revenues per subscriber rose by an average $100 in the region. The average profit is close to that in the United States while total enterprise revenues, which grew at 5 percent annually in May 1994, jumped to 13 percent 10 years later [sentence as published].

The revenue growth promoted an investment "boom." In 1990, an average 36 percent of total revenues was invested, and in 1994, this percentage rose to 44 percent. ITU reports that many Latin American operators took major steps to modernize their plants. The 18 largest operators have increased by 10 percent the number of lines since 1990, and over the same period they adopted digital technology in 61 percent of their networks. Productivity rose by about 60 percent.

Brazil: 'Northeast Regional Infovia' Launched

PY2406141396 Sao Paulo GAZETA MERCANTIL in Portuguese 17 Jun 96 p C6

[Article by Joao Jose de Oliveira in Recife]

[FBIS Translated Text] In Recife on 14 June, Science and Technology Minister Israel Vargas launched the so-called Northeast Regional Infovia. It will connect 109 towns in the region and ensure access to services — like Internet — for all the government universities and research institutions in the northeast. The federal administration will invest 30 million reals [R] in the implementation of the project, which will be concluded in July 1997, as well as to finance the first year of operations. The Infovia system is linked to the National Research Network.

Minister Vargas said: "We will thus stimulate studies, promote research, and improve technology in the northeast." He said the federal administration also expects to promote businesses in informatics as the reach of Infovia is expanded. Vargas said: "The number of enterprises with technological bases will naturally increase as soon as we can access Internet and reach other markets."

The Infovia system is a communication network among computers through which data, image, and audio are transmitted. A pilot-project on this system was launched in Ceara last May. It interconnected 40 Ceara towns and cities. The system for the entire Northeast Region is larger. It will have five centrals — Recife, Fortaleza, Natal, Salvador, and Campina Grande — where the nodes (access centers to Internet) will function.

Ubirajara Brito, secretary for planning, coordination, and evaluation of the Infovia project, said the northeast network will be connected with a capacity of 2 megabytes.

Vargas said the federal administration is planning to increase by 66 percent the participation of the northeast region states in science and technology investments. Last year, the nine states of the region were allocated 12 percent of the Science and Technology Ministry budget. Vargas said: "We want to increase these allocations to 20 percent of the budget before 1999." In 1996, the Ministry will invest R1.3 billion, of which R128 million will be allocated to the northeast region.

One program that can be expanded in the region is Softex 2000. This program has 17 nexuses spread nationwide. Vargas explained: "We must expand this program. There is nothing to prevent the creation of new nexuses in any town or city interested in joining the program."

In the northeast region there are already nexuses in Campina Grande, Fortaleza, and Salvador. Natal entrepreneurs want a nexus in their city.

Brazil: Federal Funds Sustain Majority of States

96SM0401A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Jun 96 p B13

[Article by Rolf Kuntz: "Federal Funds Sustain Majority of States"]

[FBIS Translated Text] *Governors and mayors have been receiving more funds, but they depend on the Union even to roll over their debts.*

Brazil is a federative republic, according to the Constitution, but it is a very peculiar federation, as shown by the tables on public finance. In 1995, 13 states received more from the Union than they collected in the state tax: the goods and services movement tax (ICMS). In the case of 15 states, transfers accounted for over 40 percent of the funds from their two major sources: the ICMS and federal money. In short, most of the federation sustains itself solely by sharing in the central government's revenues. Those figures appear in the Central Bank's recently published report for 1995.

The least dependent states are those in the Southeast and South. The states in the North and Northeast are the ones which collect the least in funds of their own. The northeastern state most dependent upon the Federal Revenue Secretariat is Maranhao, the home state of Senate President Jose Sarney. Last year the Maranhao Treasury collected 367 million reals in ICMS—a figure updated to reflect December prices. It received 994

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million reals in constitutionally mandated transfers. Of that total of 1.36 billion reals, 73 percent was provided by the central government. But the state which elected Sarney to the Senate—Amapa—is sustained by an even higher percentage of federal transfers (87.4 percent). In the case of Tocantins, 81.1 percent comes from the National Treasury. That has not prevented local politicians from dreaming very big. Recently announced in the state capital (Palmas) was a plan to build a full-size replica of the Eiffel Tower.

The least dependent region is the Southeast. Its four states combined receive 11.8 percent of the money from their principal sources in the form of constitutionally mandated transfers from the Union. Sao Paulo, the state which provides the highest percentage of its own funds, collected 19.8 billion reals in ICMS, or 92.8 percent of the combined total from both sources.

The Federal District is a special case. It collected 688 million reals in ICMS and obtained only 84 million reals in constitutionally mandated transfers (10.9 percent of the total). By that standard, it would be one of those least dependent on the National Treasury. But in addition to those transfers, the Federal District also receives federal funds to pay for health, education, and public safety programs. Those amounts are not listed in the table published by the Central Bank.

States Most and Least Dependent on Transfers

Rank and state	Percent
Most dependent:	
1. Acre	88.9
2. Amapa	87.4
3. Roraima	85.8
4. Tocantins	81.1
5. Maranhao	73.0
Least dependent:	
1. Sao Paulo	7.2
2. Rio de Janeiro	9.4
3. Federal District*	10.9
4. Espirito Santo	20.0
5. Rio Grande do Sul	21.9

* A doubtful ranking: the Federal District also receives funds for education, health, and public safety.

Source: Central Bank.

In 1995, according to the tables published by the Central Bank, the states collected a combined total of 51.5 billion reals in ICMS, or 27 percent more than in 1992 after adjustment for inflation. Constitutionally mandated transfers (17.4 billion reals) were 17.4 percent higher than three years earlier. In the years from 1992 to 1995, those transfers accounted for 25.6 percent, 30.6 percent, 25.6 percent, and 26.7 percent respectively of the total. In all those years, the funds provided by the Union always totaled more than state tax collections in the North and Northeast. In the northeastern states, the money transferred by the Union in the first year of the series amounted to 14.8 percent more than total ICMS collections. By 1995 the difference had risen to 18.7 percent. In the Southeast, there was a small increase in the amount representing federal transfers. The amount of state tax was 6.8 percent higher than the amount transferred by the Union in 1992. In 1995 it was 6.5 times higher.

Transfers mandated by the 1988 Constitution equal 44 percent of the industrial products tax (IPI) and the income tax, 50 percent of the rural land tax, and 10 percent of the IPI to offset the state tax exemption on exports and the financial operations tax collected on gold transactions. Before the change in Constitution, the percentage of federal revenue sharing was smaller. In addition, the transformation of the ICM [goods movement tax] into the ICMS, which occurred at the same time, broadened the states' revenue base, since the new tax was imposed on services and fuels as well.

Despite everything, the financial situation of most of the states worsened. To a large extent, the additional money was swallowed up by payroll and employee benefits. In addition, there was electoral trickery with appropriations. One consequence was growing indebtedness. In 1992, states and municipalities were responsible for 24.9 percent of the public sector's net debt. Last year their share was 34.6 percent. To make it easier to roll over the securities debt, the Central Bank has been replacing state and municipal securities in the market with its own issues.

By region, federal transfers accounted for the following percentages of the states' total funds from their two main sources (transfers and the ICMS): Brazil as a whole: 26.7; North: 58.0; Northeast: 54.2; Center-West: 28.8; Southeast: 11.8; and South: 24.0.

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Brazil: Increase in State, Municipal Debts Viewed

96SM0401B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jun 96

[Editorial: "Rise in Debts of States and Municipalities" — received via Internet]

[FBIS Translated Text] The rate of indebtedness in the states and municipalities has continued since April, when the latter were banned from undertaking any more Budget Revenue Advance (ARO) operations and the former were advised not to borrow such funds. The path to fully meeting the need for funds involved an increase in funded debt—that is, operations with a term of more than one year such as those (with a 36-month term) negotiated with the Federal Savings Bank and private banks.

The increase in funded debt is impressive. Even though inflation is in the neighborhood of 1 percent per month and the real interest rate has declined from 33 percent per year in 1995 to half that or less in 1996, the volume of operations with a term exceeding one year totaled 3.046 billion reals during the first five months of this year—more than the 2.459 billion reals recorded in all of last year. A similar situation involving ARO's occurred through April: ARO's totaled 1.9 billion reals in 1996 compared to 781 million reals for the first four months of 1995.

A distinction must be made between the stock and flow of debt when evaluating the impact on economic policy. Increasing the stock of debt is the equivalent of borrowing from the future, since it reduces the ability of the states and municipalities to borrow money. To that must be added the fact that the funded debt is much smaller than the domestic securities debt, which rose in the states from 25.794 billion reals in April 1995 to 37.680 billion reals in April 1996 (an increase of 46 percent) and in the municipalities from 3.034 billion reals to 5.599 billion reals during the same period (an increase of over 84 percent). The amount of overall net debt was much higher at 76.8 billion reals through March.

It is possible that the impact of more debt will be residual in the short term even though it is a factor exerting pressure to seek funds in the economy, thereby affecting the interest rate. Since the CEF [Federal Savings Bank] has no funds to spare and has, on the contrary, suffered from the loss of savings deposits—although it does have cash from other sources such as judicial deposits—it should be realized that the money it lends to the states has a federal source in one form or another.

It should also be noted that the states benefit from preferential rates much lower than the rate charged on ARO's, which are clearly extremely high, as the CEF admits. What this demonstrates, therefore, is the high cost of government help channeled through the CEF to states and municipalities with no palpable political progress being made at the same time, since the concessions made to them were justified by the need to get the constitutional reforms approved.

Even more serious is the fact that the rate of total state indebtedness may continue in the form of operations like that planned for rescuing Banespa [Sao Paulo State Bank], which by itself will involve about 18 billion reals.

Brazil: Foreigner Registration Procedure 'Successful'

96SM0379A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jun 96

[Received via Internet]

[FBIS Translated Text]

A Total of 560 Appointment Cards Will Be Distributed Daily

The new system for the distribution of appointment cards for the reregistration of foreign nationals at Federal Police [PF] headquarters was put into effect Monday [10 June] with relative success. The reregistration is now being carried out in an organized manner at a rate of 70 persons per hour. Every day a total of 560 cards will be distributed that specify the time for the appointment on the following day. On Monday, by the end of the day, the average wait was 20 minutes.

To obtain an appointment, however, one must still stand in line. At 0700 Monday the movement of foreign nationals in front of the PF building was already intense. There is a reason for this: when the 560 numbers are used up, distribution of the cards is halted and the foreign nationals still in line are obliged to return the following morning. The Federal Police yesterday explained—through the PF public relations office—that only those foreign nationals whose documents expire on or before 31 July need to reregister.

All others should wait until the second half of the year. There are approximately 270,000 foreign nationals in Brazil, 130,000 of whom are in Sao Paulo alone. Applicants for reregistration must bring with them two 3x4 photographs; an original Identity Card and a certified copy thereof; a receipt for payment of the fee of 34.64 reis; and their written application, entered

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on Form DPF. The appointment cards are distributed Monday through Friday, beginning at 0800 hours.

The physically handicapped and the elderly will receive a special appointment card that enables them to be accommodated on the same day.

Brazil: FHC Scored For Failure To Deliver on Promises

96SM0390A Sao Paulo ISTOE in Portuguese 19 June 96

[Article by Andre Dusek: "The President's Broken Fingers" — received via Internet]

[FBIS Translated Text] The hand of the President Fernando Henrique Cardoso government is broken. An exclusive ISTOE/Brasmarket poll taken in 14 state capitals and completed on Wednesday 12 June shows that most Brazilians are dissatisfied with the fulfillment of the administration's goals as announced by Fernando Henrique during the 1994 election campaign. Holding up one hand, with palm outspread, the then-candidate assured voters that each finger stood for one of his government's priorities: agriculture, education, employment, health, and public safety. Now, a year and a half since his inauguration, 80.1 percent of Brazilians consider the present government to be "fair" or "very bad," while only 17.8 percent describe it as "good" or "excellent." No one at Planalto Palace would comment on the poll results.

According to the survey, which interviewed 4,789 people nationwide, the cause of all this discontent is the administration's failure to accomplish what the candidate promised in his campaign. The worst poll results pertain to his promise to create more jobs. Most respondents (74.76 percent) think the Fernando Henrique government has dropped the ball in the battle against unemployment, while 21.2 percent consider his performance in that area as partial fulfillment of his committment. In the book "Maos a Obra" ["Let's Get to Work"], which summarized his government's goals, Fernando Henrique Cardoso had promised "to continue the policy of stabilization and reject any deliberately recessionary action."

"It is likely that the poll reflects the impression created by the decline in growth that we have seen in recent months," said Finance Minister Pedro Malan. He hit the nail on the head. "The concern about unemployment is perfectly legitimate, but the situation is likely to be different within a year." In "Maos a Obra," FHC guaranteed that he would pay one month's minimum wage to unemployed workers who cannot prove minimum time in their jobs because of high turnover.

The political fallout caused by the failure of actions to boost employment may be even greater. To the question about what worries people most, one of every two respondents answered that the biggest problem today is unemployment. An odd twist of fate: on FHC's campaign posters, employment was represented by his little finger. Now the problem ranks far above the cost of living (18.2 percent). "When we had inflation, that item took first place in all the polls," Malan recalled. "So for it to drop to 18.2 percent is a very positive development." Ranking behind cost of living are education (6.9 percent) and health (5.3 percent). The coincidence between the various responses shows that Brazilians are judging the administration's performance independently from the problem that keeps them awake at night.

People are more worried about their children's education than about health. Despite this, they think the FHC administration is doing better in Prof. Paulo Renato de Souza's bailiwick than in Dr. Adib Jatene's field. Half the respondents do not think the education goals are being met, but the investments made in improving the quality of instruction are recognized as partial by 42.5 percent of Brazilians and as total by 4.5 percent. "In education, it takes about four years for the results to begin to be felt," said Minister of Education Paulo Renato de Souza. Once the "thumb" in the open hand during the campaign, education won the best approval ratings among the five priority areas. "I am happy to know that practically all respondents think the administration has at least partially fulfilled its promises in that area," the minister said.

His colleagues cannot make the same boast. According to the poll, except for employment, nothing in the administration is going as badly as health. Two-thirds of respondents say that the promises for better conditions in this sector have not borne fruit in practice. Only 2 percent think they are being well served, and another 27.6 percent said the goals are being partially fulfilled. In "Maos a Obra," FHC had promised to take a hard line against "waste and fraud in the Single Health System (SUS) by the auditing and evaluation of results and quality of service, to be performed by government authorities with the collaboration of the health councils."

"Today, the image of the Ministry of Health is symbolized by its battle for approval of a tax that would increase its budget, while fraud and tragedies are going on," Rio de Janeiro Deputy Sergio Arouca (PPS) [Socialist People's Party] said, concurring. Another strange twist of fate: On the campaign poster, health was assigned to the index finger, which can be used either to represent "number one" in case of success, or to emphasize accusations in the event of failure. Minister

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of Health Adib Jatene, for example, uses it to accuse. "The press is only concerned about criticizing the public health system in Brazil," Jatene argued. "The press talks about the tragedy in Caruaru, but does not mention that some 25,000 kidney patients are being treated with hemodialysis in this country," he added, referring to the incident where contamination of the water used for hemodialysis in the backlands of Pernambuco caused the death of 52 patients.

Another administration priority, agriculture, is also hemmed in on all sides. According to the survey, 51.9 percent of respondents think that the campaign promises haven't reached the countryside, while 31.4 percent view the government's performance as partially positive. Bahia Deputy Alcides Modesto (PT) [Workers Party], former chairman of the Chamber's Committee on Agriculture and Rural Policy, belongs to the former group. "The administration has amputated the agriculture finger," he said. Although at the opposite end of the ideological spectrum, Santa Catarina Deputy Hugo Biehl (PPB) [Brazilian Progressive Party], one of the leaders of the rural delegation, agrees with the PT congressman. "The administration has shown itself to be totally unable to react to situations in the countryside," Biehl said, emphatically. He thinks the only reason the poll results were not even less flattering to the government is that the survey was taken in the state capitals, not the rural areas.

"The administration put its priority on reforms, and the steps it took to correct the problems in agriculture have not yet achieved their objectives," explained Minister of Agriculture Arlindo Porto. In his opinion, the results of the poll still reflect the problems experienced during the first year of the Real Plan, when prices of farm products fell sharply and farmer indebtedness rose skyhigh. That is not what "Maos a Obra" says. In the campaign booklet, irrigation of 300,000 hectares in the first year of the administration was termed a sure thing. Furthermore, FHC was to send Congress a proposal for a constitutional amendment that would grant immunity from taxes on products in the "basic market basket" and on farm inputs, machinery, tractors, and implements.

The last of FHC's five fingers, public safety, was broken with the help of the states and, many times—and this is what pains the president—by the terrible image of Brazil that is conveyed to the rest of the world. When 59.8 percent of respondents say the administration is not fulfilling its goals in the area of security, they are passing judgment, in part, on the massacre of the landless in Para or the urban violence in big cities. "The State has no presence on the outskirts of the cities; the police show up there only to conduct a raid," says Sao Paulo Deputy Helio Bicudo (PT), chairman of the Chamber's Human Rights Commission.

Warned about the seriousness of the conflicts in the rural areas, like the one that occurred on Tuesday 11 June at the Cickel Ranch in the Maranhao hamlet of Buriticupu, Brazilians tend to look for a scapegoat when deaths occur. Most say that the blame for the bloody episodes must be shared by the president of Brazil, the state governor, the police, and the landless themselves—as well as the politicians who back them. Only 3.3 percent of respondents say there are no guilty parties in the violence in the countryside. On the other hand, 53.9 percent consider methods such as invasion of land and roadblocks to be legitimate tactics in the battle for agrarian reform. Of these, 33.4 percent expressed partial support for such demonstrations, while 40.9 percent condemned them.

The Fernando Henrique administration is going from bad to worse but the president himself is not identified with this failure. He has the approval of the more than half the respondents who rated him "good" or "excellent." "The figure of the president is protected, because people are still confident that the problems will be solved," was the explanation given by publicist Geraldo Walter, director of DM9 Institucional. "This assessment of the government, while sectorally critical, does not reflect a political judgment, but rather the stumbling blocks in the administration."

According to the poll, Fernando Henrique is still worthy of admiration, especially for his cultural background, honesty, and experience. On the other hand, his habit of continually traveling to foreign countries concerns the respondents and is ranked first among his flaws. After that—in order—are ignorance of the problems and needs of the general public, and a lack of authoritativeness. As head of Community Solidarity, his wife, anthropologist Ruth Cardoso, also enjoys popularity with the average Brazilian. More than half the respondents were able to identify her correctly and, among the 27 percent who believe she influences the president, most said that this influence is positive.

The ISTOE/Brasmarket poll shows that the president's broken fingers are making it impossible for him to achieve his chief political plan: getting re-elected. If a plebescite on the issue were held today, 30.5 percent of respondents would vote "yes" to the proposal [to allow him to run again], but it would be rejected by 51.8 percent. If the possibility of re-election were to be passed by Congress, most respondents (41 percent) would argue that the privilege should be extended to the governors and mayors. "Brazilians showed that they have really thought through this possibility of re-election,"

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said Ronald Kuntz, CEO of Brasmarket Analysis and Market Research, the organization responsible for the poll. "When they talk about certain social issues, they also show that they are following closely everything that happens in this country," Kuntz added.

Brazilians do not want the president to serve more than one term, and are satisfied with democracy. When asked to choose a path to success for Brazil, 14.7 percent say that Congress should be shut down and all its powers handed over to the president. Another 17.9 urge the return of the military to power, while 30 percent said democracy is the right course to follow to achieve full development of this country. Among the 4,789 respondents, 33 percent said they voted for FHC and 26.3 percent said they voted for Luis Inacio Lula da Silva, of the PT. As for their educational level, 39 percent went only as far as elementary school, and 40 percent finished high school. In terms of family income, 36.2 percent earn up to three minimum wages a month, and 45.8 percent earn between four and ten minimum wages.

The biggest surprises in the poll seem to pertain to three controversial topics: legalization of abortion, homosexual marriage, and the death penalty. The great majority of respondents (70.8 percent) are in favor of abortion rights, but 37 percent of them would approve abortion only in certain cases. Twenty-five percent object to all kinds of abortion. "The result of this poll is a slap at the Congress, which has avoided consideration of this subject since 1983 and is more reactionary than the general public on this issue," said Sao Paulo Deputy Jose Genoino (PT), author of a bill to legalize abortion.

Brazil, which seems mature enough to coexist with a more comprehensive law on abortion, looks conservative when the subject is same-sex marriage. The bill that would make civil marriages between homosexuals official has been under consideration since Thursday 13 June by a special committee of the Chamber of Deputies that is supposed to finish its work in early September. According to the poll, half of Brazilians disapprove of the legalization of homosexual unions, while 34.5 percent said they favor them. "I think that is a very positive result," said anthropologist Luiz Mott, president of the Gay Group of Bahia. "Until Brazil became independent in 1822, homosexuality was considered to be a crime as serious as assassinating the king." In the sampling by region, residents of the West Central region were the most conservative. Exactly 65.3 percent there disapprove of homosexual marriage, compared with 27.7 percent who approve. "When they think of marriage, people imagine two men entering a church wearing veils and carrying bouquets," explained Augusto Andrade, 40, a Bank of Brazil manager who has been living with his "companion" in Rio for 12 years. "But that is not what we want. We just want the law to recognize a union that already exists in practice." In his case, such recognition would enable him to register his "companion" as his dependent in the bank's pension fund. The highest percentage of approval of this kind of union (41.9 percent) was found in the South, and the largest number of undecided respondents was found in the Southeast, where 36.4 percent agree, 35.8 percent reject it, and 27.8 percent—almost double the national average of 16.8 percent—had no answer.

In the Brazilian mind, indecision is rare when it comes to opinions on the death penalty. In terms of the national average, a negligible 3.5 percent did not know or did not want to give an opinion on the subject. Split into two groups, the great majority is in favor of its adoption. Most (33.9 percent) accept the death penalty with no restrictions. Another 30.6 percent would agree to it only in very specific cases. "The fact that 64.5 percent of Brazilians approve the idea does not surprise me," said Sao Paulo State Deputy Roberval Conte Lopes (PPB). "This reflects the terror one sees stamped on the faces of people who live in the big cities." As a captain in the reserve of the ROTA [Tobias de Aguiar Visible Patrols], the violent elite unit of the Sao Paulo Military Police, Conte Lopes has been mentioned as responsible for more than 50 deaths in encounters with criminals. He advocates capital punishment in four specific cases: assault, kidnapping, and rape when these result in death; and murder-for-hire.

In Rio, Jose Guilherme Godinho, aka "Sivuca", another former policeman who is now a state deputy (PPB), says the death penalty should be imposed in cases of kidnapping, rape, drug trafficking, white-collar crime, and terrorism. "There should be a special tribunal to prevent mistakes in convictions," Sivuca argues. "Each case would be heard at two levels, and even then would be eligible for a presidential pardon." Sivuca's campaign slogan is "The only good bandit is a dead bandit." A militant member of the group of 32 percent of Brazilians who reject the death penalty, Rio attorney Clovis Sahione believes the poll findings are the result of an emotional reaction to the wave of violence. "People act this way, but the State must be rational and calculated so as not to commit an injustice," he said. "The police do a poor job of investigation, the courts can make mistakes, and an innocent person could be condemned to death if he mounts an inept defense."

The Southeast has the most enthusiasts for capital punishment (79.9 percent), and the most opposition (54.5 percent) was found in the West Central region. But statistical discrepancies like this are not the only reasons why the ISTOE/Brasmarket poll reveals a country full of

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contradictions. On the list of national problems, the lack of security ranks only eighth, behind agrarian reform and corruption. But when it comes time to confront lawlessness, two out of three Brazilians express opinions that practically annihilate the old myth of the cordial Brazilian. Perhaps the biggest virtue of this opinion survey lies in this apparent discontinuity. It proves that Brazil is still effervescent and requires major changes, something the administration and Congress very often have trouble perceiving.

Brazil: Rio's Informal Economy Earns R6 Billion

96SM0399A Sao Paulo VEJA in Portuguese 5 Jun 96 pp 106, 107

[FBIS Translated Text] *The IBGE has discovered the Rio residents who make their living in the informal economy, which generates a total annual revenue of 6 billion reals (R).*

The Brazilian Institute of Geography and Statistics (IBGE) last week released the results of its first survey of the informal economy in Brazil. It studied only the city of Rio de Janeiro, but the results are impressive. The IBGE discovered that Rio's underground economy—without keeping any records, without any certificates from the INSS [National Social Security Institute], and without any licenses from the municipality—generates a total annual revenue of R6 billion in the state capital alone. If all the washing-machine repairmen, mechanics, street vendors, and seamstresses were to combine forces under the firm name Informal Enterprises, Inc., they would be creating the fifth largest business in Brazil, behind only giants such as Petrobras [Brazilian Petroleum Corporation] and Fiat. At least half of the R6 billion generated yearly by Rio's informal business community is profit. It is wealth that Brazil's statisticians and economists have heretofore failed to perceive clearly, although it represents 18 percent of the city's GDP. Rio is therefore a wealthier city than the official statistics indicate. If you take into account the informal community, the GDP of the city of Rio de Janeiro for last year suddenly becomes R40 billion instead of R34 billion.

An informal economy is an anomaly. In organized and developed nations, individuals and companies normally register their labor and their businesses and pay their taxes, so that the government will have the funds to make the investments that are necessary to the well-being of society. When the informal economy grows in an exaggerated manner, it is a sign that something is amiss: either the bureaucracy is too large and complex and is acting as a disincentive for beginners in the business world to operate legally, or the greediness of the government in collecting taxes is preventing new entrepreneurs from operating openly, or the lack of formal employment is forcing a great many people—who must find a way to survive—into underground activities that are not registered. In Brazil these three factors are combined, and our informal economy is growing like gangbusters.

Fewer Poor People

Economists who have studied this problem estimate that the nation's informal economy involves 30 percent of the Brazilian labor force and generates approximately R200 billion per year. These estimates are made on the basis of the most varied indicators (from electric power consumption to the variations in tax collections), because no detailed study of Brazil's informal economy has yet been made. Although its survey does confirm that 30 percent of Rio's workers are in fact involved in informal activities, the IBGE refrains from estimating informal revenue for the entire nation. "We lack sufficient data to project these results onto the entire country," Angela Filgueiras [spelling as published] Jorge, coordinator of the survey, explains. Beginning next year the IBGE will survey 85 cities that have a population of more than 200,000. "Only then will we be able to determine the size of the informal economy in Brazil as a whole," she says.

The results of the IBGE survey of Rio's underground economy are revealing but outdated. The survey was made in October 1994, and there are indications that since November of that year the informal economy has grown considerably. According to the Applied Economic Research Institute (IPEA)—an organization linked to the Ministry of Planning—it has grown at a rate of 3 percent per year during the past two years. A survey of income and employment made by IPEA economist Sonia Rocha reveals that the number of people living below the poverty line decreased from 16 million during that period to 11 million.

According to Sonia's survey, more people are unemployed (that is to say, people who have no steady job, no unemployment benefits, and pay no income tax) while at the same time poverty is decreasing. The only possible explanation is that an increasing number of people are working in the informal economy and are able to raise their standard of living in that almost invisible world. "Today," she says, "the informal economy is growing in concert with the average income of the population. People will often opt for a higher income in preference to the security of a steady job."

The IBGE discovered that the informal enterprises in the city of Rio de Janeiro yield an average profit of R1,100 per month. We repeat: R1,100 per month—almost three

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times the salary of a bank employee who punches a time clock. The IBGE reports that enterprises in the retail trade yield even more: an average of R2,100 per month. It is a surprising figure. A street vendor in Rio makes five times as much as a woman who teaches in a public school. Haroldo Pecanha, who worked at the Economic Bank until 1989, is a professional accountant. If he still had that job, he would be making R400 per month today. He was fired, however, and could not find another job right away. He decided to try his hand as a vendor of salgadinhos [not further identified] on the beach. Seven years later, he wants nothing to do with offices or rubber stamps: he is making R1,500 a month. "If I were at the bank," he says, "I would not be making what I make here."

The IBGE survey confirms another impression held by many students of the subject, namely that working in the informal economy is not always a temporary alternative that a worker is forced to take while awaiting a regular job. According to the IBGE, most of the unemployed who enter the informal economy do so with the intention of remaining there. More than half of the informal workers have not the slightest intention of ever again punching a time clock; these are people who have spent more than five years in the informal world and have already put down their roots. Only 14 percent of those interviewed by IBGE were propelled into the informal economy in 1994 as victims of unemployment.

It is not that unemployment is not increasing. It is indeed increasing, and the increase is cause for concern. According to the most recent survey by the DIEESE [Interunion Department for Statistics and Socioeconomic Studies]—the institution that produces statistical information for the labor unions—unemployment in Sao Paulo stands at 15 percent, a very high rate. The IBGE survey, however, leads to the conclusion that many of those who lost their jobs have found it possible to continue producing and surviving in the informal economy, and also that this process has been going on for a long time: for such a long time, in fact, and in such a significant manner, that this most recent increase in the ranks of the unemployed has had little impact on the informal economy.

Computers

Almost 2 million people work in Rio's formal economy. According to the new IBGE survey, an additional 560,000 work in the informal economy, most of them in the service sector: for example, repairmen who work on domestic appliances and equipment; manicurists; sellers of cosmetics, fish nets, and carpets; bricklayers; and house painters. Moreover, the number of people who are beginning to work at home—using the computer or the telephone—has increased sharply in recent months. These are people who escape inspection and are not seen in the streets, but who are productive and are making money. From the standpoint of the nation's emotional stability, it is a good thing that these people have found a way to survive. From the standpoint of good social policy, however, Brazil has a problem: a great many Brazilians are using public assets and facilities without paying taxes either to create them or maintain them. When this sector of society increases significantly, it impacts the quality of the public services.

Despite the size of the informal economy, its actual dimensions were still only being estimated. One of the advantages of the IBGE survey is that it at least gives the precise dimensions of the informal economy of one Brazilian metropolis: Rio. A phenomenon that previously had no arithmetic existence in the statistics is now acquiring a profile and substance. Until now, not only the IBGE but the industries that produce with an eye to consumer demand—and also the government, which bases its policies on statistics—all believed that Rio had at least 560,000 more unemployed living in poverty than it actually has. According to the official figures, the city was poorer than it was in fact. The problem has been solved: the figures derived from nationwide surveys that will be conducted beginning next year could provide more accurate information concerning the volume of the nation's production. Brazil's GDP is currently estimated at R630 billion, but if the conjectures of the economists who monitor the informal economy are accurate, it could be in excess of R800 billion. This informal segment of the total economy could be incorporated into the formal economy and pay taxes, but the authorities will have to find intelligent ways to attract those who work in it. Anyone will prefer a normal existence whenever legalization proves to be less expensive than the risk of remaining outside the law. No one will go looking for trouble if the risk is too great.

Brazil: Narcodollars Transferred From Amazon Via Satellite

96GE0053A Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Jun 96

[Received via Internet]

[FBIS Translated Text] (Rio bureau)—Most of the money deposited in banks in the Amazon region by persons suspected of engaging in the narcotics traffic is being transferred to financial centers in Sao Paulo, Rio, Brasilia, and Goiania. The transfers are made via the Datasat Bi and the Transdata radio-digital satellite systems. These systems are services offered by Embratel (Brazilian Telecommunications Company).

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The principal financial centers in Brazil are linked 24 hours a day to bank branches in Amazon cities that—according to the PF (Federal Police)—serve as way stations along the route of the international traffic in cocaine that is produced in Bolivia and Peru.

On the day before yesterday [9 June], FOLHA DE SAO PAULO disclosed that banks in the small towns close to the nation's borders have received sums that may be millions of times larger than the revenue generated by the individual local economies.

The geographer Lia Osorio Machado of the UFRJ (Federal University of Rio de Janeiro), who is coordinating research on the subject, has charted the localities that have been sending money to destinations outside the Amazon Region.

The preferred destination of the money sent via Datasat Bi is Sao Paulo. According to a chart prepared by Lia on the basis of data from Embratel, 78.23 percent of the transfers (as of 1994) were going to Sao Paulo.

The Transdata network—which employs radio systems—is used for transferring money to Sao Paulo, Rio, Brasilia, and Goiania. Embratel does not have information concerning the total amount transferred. The state system is limited to renting transmission channels for a minimum period of 24 hours. The cost varies according to the speed of the message and the distance between the points of the transmission. Almost 75 percent of all transmissions in Brazil are made by banks; the percentage is higher in the Amazon region, because the region is only minimally industrialized. Lia suspects that the money may be winding up in various fiscal paradises. "A symbiosis," she says, "exists between the globalized international financial system and the national banks, which have created international departments to process this money. It is difficult to separate the clean money from the dirty money."

Brazil: Police Investigate Cocaine Trafficking Via Mail

96GE0053B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Jun 96

[Received via Internet]

[FBIS Translated Text]

Federal Police Open 31 Investigations

The Drug Enforcement Headquarters of the Federal Police in Sao Paulo has opened 31 investigations of the national and international cocaine traffic that is being sent by mail. The traffickers are using the Sedex express delivery system to send small and large quantities primarily to Spain, The Netherlands, Switzerland, Italy, and African countries.

In Brazil, the states most utilized for this traffic are those of the North, Northeast, and South. Since the beginning of the year the federal agents have been investigating this new drug route, and another 20 investigations have already been initiated.

"Until the end of last year," District Chief Armando Coelho of the Federal Police explained, "the quantities seized at the post offices were small, and after reporting their seizure to the Federal Judiciary the Postal Service itself incinerated them."

Quantities

"But when large quantities of cocaine began to be found in the boxes," Coelho said, "we were advised of the fact and initiated our investigations on the basis of the 31 seizures of the past two months." A total of 20 kg of cocaine had been seized in April and May; the names and addresses of the senders were false. On 21 [May] the postal inspectors examined a Sedex package that was destined for Swaziland in Africa; the sender was James Igwe, whose stated residence was 55 Rua Pedro Gogilho, Jardim Ester, Sao Paulo.

Instead of documents, however, the box contained an object made of fiber and resin with electronic components fastened to the surface. The inspectors considered it to be a strange object; they made a small hole in the side and ddiscovered cocaine. The object was then opened, revealing a plastic bag that contained 1 kg of the powder. The Federal Police attempted to locate Igwe, but the aforementioned address did not exist.

Chief Coelho said that the boxes are often returned by the countries of destination, because the recipients have failed to call for them at the post offices; the cocaine is discovered when the boxes are examined upon their return to Sao Paulo. "It is a serious matter," he said, "and we intend to identify those responsible for this new method of trafficking."

Arrests

This Thursday [13 June] at the Guarulhos International Airport, the Belgian nationals David Jansen, 29, and Benhamou Roger, 26, were arrested as they prepared to depart for Zurich, Switzerland, with 5.4 kg of cocaine fastened to the bodies of each of them.

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Brazil: Correction—Controversy Over Satellite Plans

PY2006210996 Sao Paulo GAZETA MERCANTIL in Portuguese 11 Jun 96 p C1

[Corrected version of article by Heloisa Magalhaes, originally filed as PY1806180296 and published on page 39 of the 20 June Latin America DAILY REPORT; rewording first paragraph, first sentence for clarity and supplying dropped month "September"]

[FBIS Translated Text] Communications Minister Sergio Motta's announcement on 10 June at the Americas Telecom fair that the call for bids to launch and operate the first Brazilian private satellite will be made in September, may be rather late. This is true at least for Class [expansion unknown] — one of the enterprises created to render the service — which comprises Globo Organizations, Bradesco [Brazilian Discount Bank], and other partners. Globo Vice President Roberto Irineu Marinho reports that Class is reconsidering its project to launch two satellites, and may even delay its plans.

Marinho explained that Class executives designed the project in 1993, and since then has been discussing with the Communications Ministry a proposal to first launch two satellites to operate on the KU frequency band, which is mostly used for cable television signals, because it can operate with small parabolic antennas. As Brazilian laws did not permit private initiatives in this area, even the idea of a partnership with Telebras [Brazilian Telecommunications, Inc.] was considered, but it did not work.

With the delay of congressional analysis of the law to transform that state monopoly in the sector, Globo Organizations decided to sign a 15-year contract with Intelsat to start rendering DTH-TV — direct-to-home television — services in 1996. "Since the KU band was not available for cable television signals, we decided to reconsider the project," Marinho said.

Communications Ministry specialists have said the process of opening the sector was slow. However, with more awareness by congressmen about the issue, the modification of the rules of the sector will move faster. The specialists believe the Class project came before the opening of Brazilian telecommunications.

A faster opening was mentioned at Americas Telecom on 10 June. Yet in the afternoon, at debates in which the representatives of several countries presented their models, there was a consensus that most countries are reconsidering their policies. Minister Motta recalled that the United States, for example — the world's most outstanding example of openness — has just revised its legislation, and despite the small private sector participation in the sector, it has only recently transformed the structure of monopolies in some services. He added that Europe opened in 1992, through the EU, while state monopolies will be fully eliminated only in 1998/99.

Chile

Chile: Frei Talks With Italy's Scalfaro, France's Chirac

PY2506004696 Santiago EL MERCURIO in Spanish 22 Jun 96 p C3

[Article by Maria Jose Errazuriz]

[FBIS Translated Text] Florence, Italy — The reactivation of Italian cooperation, especially as pertains to medium-sized companies and education, and the visit President Eduardo Frei will pay to Paris in 1998, in addition to the visit to be paid by the French president to Chile, were some of the issues discussed by President Eduardo Frei yesterday with his Italian and French counterparts, Oscar Luigi Scalfaro and Jacques Chirac, respectively.

Frei indicated that the meetings with the two presidents served as occasions to discuss the strenthening of investments in our country, noting that Chile has recently given more impulse to the creation of joint ventures.

Scalfaro welcomed President Frei in the Florence city hall, the beautiful palace of the Medicis-Riccardi, which was built by Cosme El Viejo from 1444 to 1464. The work of Michelozzo underwent subsequent changes that are attributed to Michelangelo.

This is where Scalfaro, as the host of the summit, offered a luncheon for the 15 EU leaders and other personalities.

Presidents Frei and Scalfaro had the opportunity to review the important aspects of the agreement signed by Chile and the EU, and the visit paid by Scalfaro to Chile.

Frei said that Scalfaro conveyed to him the Italian interest in making more investments in Chile, which have increased recently with the participation of Italian companies in the area of telecommunications.

Within this framework, the two presidents discussed the need for an agreement on the promotion and protection of investments, as well as the mechanisms that regulate double taxation now under study.

One of the issues that the government wants to include on the bilateral agenda is the reactivation of the Italian cooperation that was very active during the military

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regime, and that practically stopped since the return of democracy. There was also the scandal involving corruption that led to the discovery of Italian funds being paid to Chilean parties.

Chile wants to reactivate Italian cooperation, but in support of education and medium-sized companies, and to carry out triangulation of services to third countries, in which our country will utilize its "know how" [preceding two words in English].

Frei said that the important thing "is to accept cooperation on matters that interest Chile." Frei said that Chile has reached a medium level of development allowing it to talk about integration, but that it requires support in training and education.

President Frei also held a 45-minute meeting with French President Jacques Chirac in response to the latter's interest. Chirac left the EU summit with a list of 14 issues to discuss with Frei.

According to Chilean Foreign Minister Jose Miguel Insulza, the most important issue was the preparation of Frei's visit to Paris, which will be followed by Chirac's visit to Santiago in the second half of 1998.

A decision was made to prepare the visits with the prior participation of business delegations.

Chirac also explained the situation derived from the Mururoa nuclear tests and how this issue was overcome with the signing of the Nuclear Nonproliferation Treaty by the two countries.

The other issues discussed were related to investments, double taxation, and the U.S. Government refusal to support the reelection of UN Secretary General Butrus Butrus-Ghali.

Chile: Frei, Insulza Note Importance of Agreement With EU

PY2506012196 Santiago EL MERCURIO in Spanish 22 Jun 96 pp A1, A27

[Article by Maria Jose Errazuriz]

[FBIS Translated Excerpt] Florence, Italy — The beginning of a trade liberalization process between Chile and the EU, which could reach its highest point by the year 2005, was achieved in this city yesterday with the signing of a framework agreement on political and economic cooperation.

The agreement, which was signed by the foreign ministers of the European Community and Chile, puts into operation a political dialogue that will lead to the main objective; namely, the Chilean association with the EU. After the 15 EU members and Chile ratify the agreement, the parties will begin establishing of the process for trade liberalization. This goal, which still does not have an official date, could be achieved before the year 2005, said Foreign Minister Jose Miguel Insulza yesterday.

Insulza added that due to the rapidity of our country's opening toward international markets, Chile could, during this period, realize the materialization of liberalized trade with Europe, the Americas, and the Asia-Pacific Economic Cooperation, APEC, area. [passage omitted]

The signing of the agreement, which was labeled by European Commission President Jacques Santer as the beginning of a progressive "step by step" process for trade liberalization, was described by President Frei as the confirmation of the Chilean policy of international opening.

The agreement, which aims at cooperation on various matters, especially customs, investments, industry, environmental regulations, intellectual property rights, and telecommunications, comprises the creation of a higher level dialogue through a joint council. There will also be a mixed commission and mixed trade subcommission which, according to Insulza, will be put into operation in the second half of this year.

"This is not an obligation but a desire we have" said Insulza after attending the meeting held by President Frei with European Commission Vice President Manuel Marin.

Insulza said that there is still no definite timeframe for the process of trade liberalization because preparations will require at least the remainder of this year and next year.

Insulza said, however, that if a realistic timetable is established, Chile expects to fulfill its goal of liberalization before 2005. He also referred to the problems that may emerge during the negotiations by saying: "When there is more trade, there are more discussions."

President Frei was responsible for noting before his colleagues the reasons why Chile sought this agreement. During his speech, he expressed his desire to move ahead in the search for free markets for our products and, in general, "better and promising conditions for our trade."

Frei said: "We want to ensure the continuity of our internal growth and to answer the challenge of the modern world through greater participation in the large economic zones that are currently opening up."

Frei went on to say that Chile conceives of Latin America as its own natural region; "however, it does

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not see it as a closed self-contained circle, but rather as a more dynamic region for economic growth and investment in which we all participate."

Frei expressed confidence that the agreement with the EU will be fruitful, especially in the joint work to be carried out in the areas of investments, services, and trade and cooperation. He added: "We are taking a gigantic step ahead with a vision of the future." [passage omitted]

Chile: EU Acknowledges Nation's 'Specific Characteristics'

PY2506022096 Santiago EL MERCURIO in Spanish 22 Jun 96 p C3

[Article by special correspondent Maria Jose Errazuriz L. in Florence]

[FBIS Translated Text] Florence — European Commission Vice President Manuel Marin has stated that the EU recognizes Chile's specific characteristics in its relations with the EU, notwithstanding the doubts that have emerged regarding whether the EU would force Chile to link part of the negotiations for trade liberalization to negotiations with Mercosur [Common Market of the South]. This has emerged upon learning that an agreement has been reached between our country and its neighbors.

Although Marin was the promoter of a bridge-clause that would make possible a link between the two agreements — EU-Chile and EU-Mercosur — he intimated, after a meeting yesterday with President Eduardo Frei and Foreign Minister Jose Miguel Insulza, that he will not insist on the matter.

The agreement signed yesterday between our country and the EU includes a Joint Inter-Regional Economic Statement, which the EU interprets as some kind of a bridge-clause, but which Chilean officials ruled out after the agreement reached in April 1996.

All this is related to the fact that the EU has expressed its desire to strengthen the subregional blocs, even though, in the case of Latin America, it gave preference to Chile and Mexico.

Marin's words were affirmed by Chilean Foreign Minister Jose Miguel Insulza, who said that in many aspects it will be impossible to develop simultaneously with Mercosur.

The role Chile can play in order to link Europe with Latin America was stressed yesterday by President Frei, who said that everything our country achieves concerning trade liberalization will surely favor the continent of the Americas.

Chile: EU Said To Discriminate Against Chilean Foodstuffs

PY2406144796 Santiago EL MERCURIO in Spanish 21 Jun 96 p B24

[FBIS Translated Text] Just as a new framework cooperation agreement is being signed with the EU, the Federation of Processors of Foodstuff and Agroindustrial Products — Fepach — has charged that the EU discriminates against our country over access to the EU market.

This discrimination stems from the fact that products from more than 100 countries which have signed trade agreements with the EU enter this common market paying lower tariffs than the ones normally levied by the 15 EU members.

Even drug-producing countries are in this category of countries which enjoy special benefits.

Nevertheless, the only tariff preferences applicable to Chile are those provided for in the GSP, a "mechanism which provides for negligible tariff cuts compared with those granted under these trade accords. The GSP of the EU is the worst system of preferences, save having no preferences at all. The EU will overhaul the GSP as of 1997, restricting the access of important products to its market."

Chilean agroindustrial products are the most "heavily penalized" by the EU tariff escalation system. Nevertheless, Chilean exports of processed foodstuff to the EU were well over $183 million in 1995, which represents a 50 percent increase on 1994. In value terms, exports of foodstuffs to the EU account for 23 percent of Chile's total exports.

The tariff escalation system levies higher taxes as the value-added of goods increases, "which is particularly serious in the case of processed foodstuffs, since the EU goes as far as levying tariffs over 40 percent on fruit juice, which is totally preposterous. These tariffs are doubled at certain times of the year or are increased according to the value of the product."

Tariffs on some preserves exceed 30 percent and can go higher according to the type of container and the sugar content.

In the light of this, the Fepach attaches special importance to the framework agreement being signed with the EU since it should eliminate discriminatory practices against Chile.

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Chile: Details of Mercosur Accord Reported

PY2106225096 Santiago EL MERCURIO in Spanish 20 Jun 96 pp A1, A12

[Article by special correspondent Elia Simeone in Buenos Aires]

[FBIS Translated Text] Buenos Aires — Chile and the four members of the Common Market of the South (Mercosur) on 19 June reached a full understanding in this city concerning the economic complementation agreement which will be in effect as of 1 October 1996, and which in terms of gross trade, will allow the creation of the free trade zone by the year 2004.

Considering current tariff preferences provided for in bilateral understandings and which will no longer be in effect as of next week, Chile obtained better conditions for its access to the megamarket of Mercosur, as well as significant deadlines to safeguard those sectors of national production like some agricultural products which are more sensitive to international competition.

The negotiations that led to the multilateral agreement and/or harmonization of tariff preferences will mean for many sectors entering with zero tariff or reduced tariffs, not only one but the four Mercosur countries, which means better access to a market with more than 200 million people and with a GDP higher than $1 trillion.

In contrast, Chile offers Mercosur a market of 14 million inhabitants and a GDP of $70 billion.

In average terms, Mercosur will grant the Chilean products an average tariff of 6 percent, which is important if we consider that the average Mercosur Common Foreign Tariff (AEC) is estimated at 11 percent.

The understanding with Mercosur was reached on 19 June more quickly than expected during the meeting of the foreign and economy ministers of Chile, Brazil, Argentina, Paraguay, and Uruguay.

The Chilean negotiating team's strategy was essential to reach this understanding because in the beginning of the meeting they immediately said yes to Mercosur pretensions concerning the first points to be discussed. This has forced its counterparts to show an equal disposition when Chile, beginning with the third point to be discussed, began to ask for the acceptance of the national position.

Although it was known from the previous day that the ministerial meeting would be successful, everyone at San Martin Palace [Foreign Ministry] seemed to be at ease and everyone was seen smiling and making jokes. In addition to Chilean Foreign Minister Jose Miguel Insulza, who concluded the week with two categorical "diplomatic achievements," because he also cleared the uncertainty on the signing of a new cooperation agreement with the European Union — one of the happiest of all was his Argentine counterpart Guido di Tella.

An this has not been in vain: His country this semester is holding the Mercosur pro tempore Presidency and President Carlos Menem could not show a better victory than leaading Mercosur to sign trade agreements with Chile and Bolivia at the next presidential summit which will be held on 25 June in San Luis.

This step means a change of scenario in the region, because Mercosur is becoming the conglomerate with which the other nations should be aligned, and will eventually be a counterweight to NAFTA, the objective of which is to create a large hemispheric free trade zone.

The Chilean foreign minister was fully satisfied with the terms of the agreement, stressing the fact that, in general, Chile has achieved better preferences than those included in bilateral agreements, and obviously, sure advantages concerning Mercosur's common foreign tariff.

He was so optimistic that he even announced "surprises of significant progress" achieved over the past few days in these negotiations. One of these achievements was to put all Chilean wines on the list of exceptions.

He announced that the agreement will be in effect as of 1 October and that it will give the government sufficient time to submit it for congressional approval. He thus cleared the fears expressed in our country that as of 25 June Congress would have only five days to study the agreement with Mercosur, because initially the treaty was to go into effect on 1 July.

Among those who were very happy for this final ending were the negotiators, including Carlos Mladinic, international economic relations director general, and his Argentine counterpart Jorge Campbell. The latter two along with Alejandro Mayoral, Argentine Economy Ministry foreign trade under secretary, behaved as true rebellious students during the news conference given by the ministers to announce the agreement. Minister Insulza had to play the role of a criticized professor, because among jokes and more jokes they did not allow reporters to listen to what Di Tella was saying.

Since all ministers expressed thanks for the efforts made by the negotiators, Mladinic, Campbell, and Mayoral began laughing for a supposed economic compensation they would receive, and Campbell sarcastically told Mladinic that he already received his check.

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The terms of the trade agreement implies that by the end of the year 2003, 60 percent of overall trade between Chile and Mercosur will be fully liberated.

In addition to products that will be immediately liberalized, there will be a list of sensitive products that will keep their tariffs during the first three years, and in the fourth year they will begin experiencing a gradual drop of 30 percent. Another list includes the especially sensitive products, which during the first three years of the agreement will experience no tariff reduction, but as of the third year they will begin a process of more gradual reduction.

The list of exceptions will allow the products included on that list to enjoy the current tariffs for 10 years, and then, in five years they will be exempted from tariffs. A special case is the time achieved for wheat and flour because they will enjoy 18 years of exception.

Some of the decisions approved by the ministers were: that Argentina will not impose on Chile the statistic rate which means a 3-percent tax on the tariff of a product, which was much more significant than the set of problems generated by the specific rights.

Another important point for Chile was that the national position prevailed, that in the Chilean case Mercosur will implement the interpretation of Article 44 of the Latin American Integration Association (ALADI), with which, in view of a possible agreement outside this regional organization, such as Chile's possible entry into NAFTA, some compensations will be negotiated.

Concerning specific rights — not ad valorem duties but on the volume of a given product — and which affected textiles and shoes, Argentina agreed to a 30-percent preference, with a maximum ceiling resulting from a 25-percent tariff.

Multilateral agreement on regional tariff preferences (PAR) will imply that in case of concessions Chile had granted, Argentina and Brazil will grant it a 30-percent preference; 40 percent to Uruguay; and 50 percent to Paraguay, but only in cases where Mercosur granted an equal preference of 30 percent, with differences by country.

Many of the specific norms of origin asked by Mercosur became 60 percent of regional content. This included the treatment for the containers.

One of the aspects pointed out by Minister Alvaro Garcia and Mlanidic was that significant progress was made in reducing the number of products for which Mercosur will ask special norms of origin, that no more than 350 products are subject to such a requirement.

Besides, many of the products of the automotive sector (automobiles and parts) were included on the general list.

Regarding the mechanism for solving controversies, an agreement that was labeled "reasonable" by Foreign Minister Insulza was reached. Consensus will prevail in the first three years but Chile was able to get Mercosur to accept, in extreme cases, the system accepted by Mercosur in the Ouro Preto Protocol, which includes arbitration. After the first three years, the parties will negotiate a new mechanism to overcome their eventual trade disagreements.

Another achievement noted by the Chilean negotiators was that instead of granting "reasonable quotas" for the export of Brazilian automobiles, Brazil granted a 75-percent preference quota for Chilean copper.

Chile: Minister Garcia Views Benefits of Mercosur Accord

PY2106232896 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 21 Jun 96

[Interview with Alvaro Garcia, minister of economy, development, and reconstruction by unidentified Santiago Television Nacional de Chile reporter; place and date not given]

[FBIS Translated Text] In an interview with the 24 Horas [Round the Clock] Program, Economy Minister Alvaro Garcia commented on some benefits Chile will derive from joining Mercosur [Common Market of the South].

[Begin recording] [Garcia] We will be able to export more manufactured products to Mercosur. This accord also gives us the opportunity to develop our service sector, particularly Chile's regions, tourism, trade, ports, financial services. The distinctive trait of this accord is that it will create more and better jobs, and will offer Chileans the possibility of earning higher wages.

[Unidentified reporter] Many sectors, like the agricultural — particularly traditional agriculture — continue to oppose the accord with Mercosur.

[Garcia] Most farmers will greatly benefit from this agreement for the simple reason that a considerable amount of agricultural produce, fruits, vegetables, timber, dairy products are already being exported to Mercosur. These subsectors make up 75 or 80 percent of Chilean agriculture. The remaining 20 percent is a sector that is already facing difficulties and therefore, must be modernized. This is not on account of Mercosur, but rather because we want those persons working in that

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sector to enhance their production and have a better standard of living. This modernization will entail growing other crops, and we are pushing to accomplish this. If one compares the acreage devoted to growing wheat five years ago with the present acreage one sees that the area under cultivation has been reduced by almost half. If we had maintained this tempo, we would have completed the process within the deadline established with Mercosur. Admittedly, it is difficult to join a common market if one demands a good physical connection with Argentina as a prerequisite for signing the accord. And yet, the agreement we will sign with Mercosur contemplates the establishment of trans-oceanic corridors, which will benefit all regions of our country.

Moreover, the economic problems confronting the regions are due, to a great extent, to their high degree of economic specialization. The northern regions are devoted to mining while southern regions are basically engaged in agricultural activities. All regions want to diversify their productive capacity and Mercosur offers them a golden opportunity to do this.

I accompanied President Eduardo Frei on his tour of Temuco last weekend. Although this is mainly an agricultural region, it is already exporting seeds, fruit, dairy products, and wood by-products to Mercosur. [end recording]

Chile: Mercosur Agreement Said To Benefit Wine Producers

PY2106221096 Santiago EL MERCURIO in Spanish 20 Jun 96 p A12

[FBIS Translated Text] Buenos Aires — The Chilean negotiators to the Common Market of the South (Mercosur) have told this newspaper that the agreement reached with Mercosur will benefit the agricultural sector and that they obtained a considerable period of time to successfully apply adjustment policies to adapt to international competition.

The sources argued that this is the reason for which the decisions made by the National Committee for the Development of the Agricultural Sector will be important. The mentioned committee advises the president of the Republic and proposes to him adjustment policies that will allow the sectors that will be most affected by the commercial opening to adapt to the new demands, be it through their reconversion or by improving their competitive capability.

One of the important accomplishments reached by the Chilean negotiators is that the importation of capital goods for the agricultural and forestry sectors will be completely deregulated as of 1 October. This includes tractors, saws, harvesting machines, threshing machines, and milk industry machines, among others.

In the case of inputs, zero import tariff was also granted for phosphate and urea fertilizers. Even though they did not obtain an immediate tax exemption for the same chemicals for agriculture [agroquimicos] Chile verified that several Mercosur members are willing to negotiate the total liberation of these items.

On account of an agreement reached among the chemical industries of Mercosur, it was agreed that during the first meetings of this sector the elimination of taxes for the chemicals for agriculture will begin to be analyzed and negotiated.

According to the Chilean negotiators, many agricultural products will benefit from better preferential tariffs with the implementation of the agreement with Mercosur.

This will mainly benefit fruits, vegetables, wood, and agribusiness products. Mercosur will grant Chile better preferential tariffs than those consecrated in the bilateral agreements Chile had with the four member countries. Through negotiations Chile obtained preferences in countries where it did not have them before. For example, Brazil will now import Chilean kiwis with zero import tariffs.

Regarding Chilean agricultural imports, Chile asked the Mercosur members that its most sensitive items for national production like wheat and rice be included on a permanent list of exceptions.

The Chilean Government explained to the Mercosur members that in face of the trade deregulation conditions, Chile could not adapt its highly sensitive crops within the period of time given to Chile and that is why Chile is asking for a permanent list of exceptions.

However, given that the Chilean expectations regarding total trade deregulation were surpassed, Chile has had to accept the elimination of the permanent list of exceptions after a prudent period of time which could range between 10, 15, or 18 years (this latter figure mainly for wheat and wheat flour).

The Chileans believe that maintaining the list of exceptions for 10 years is enough time to carry out an adjustment process in Chile.

Another aspect that was discussed was that Chile will keep all its wine production on the list of exceptions which will favor the small producers that produce average-quality wines but who could improve their production with an appropriate viticulture plan.

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Chile: Mercosur Accord Given Mixed Reception by Congress

PY2406235 96 Santiago EL MERCURIO in Spanish 21 Jun 96 p C3

[FBIS Translated Text] Valparaiso — The Chilean Government's announcement that it had come to an agreement with Mercosur [Common Market of the South] has been met with moderate enthusiasm in Congress. Before giving their support for the treaty, most political parties, except for the Christian Democratic Party [DC], demanded countervailing measures for the agricultural sectors that will be affected by this accord.

Only DC congressmen voiced their wholehearted support for Chile's accord with Mercosur, arguing that the adoption of measures to protect traditional agriculture constitutes a different subject and, therefore, should not be turned into a prerequisite for endorsing the treaty.

A similar position was adopted by Socialist Party [PS] deputies and senators, with the sole exception of Deputy for Linares Jaime Naranjo, who took the floor to say that he would only vote for the treaty if new measures to protect small-scale farmers were adopted.

PS Senator Jaime Gazmuri, however, praised the accord and underscored the beneficial effects it will have for Chile, claiming that our country got "the best deal that could be attained."

The Party for Democracy [PPD] bloc, however, introduced a jarring note to the debate. On 20 June, the PPD voiced "serious concern" about the accord to be signed with Mercosur and announced that it "will assess its endorsement" of this agreement in terms of the steps the Frei administration will take to develop the overhaul of traditional agriculture.

PPD bloc leaders Guillermo Ceroni and Romy Rebolledo put forward some measures like the elimination of tariffs on agricultural input, incentives to attract private investments to agricultural regions, a special road infrastructure and irrigation plan for these regions, and social benefits for the peasantry.

National Renewal [RN] and Independent Democratic Union [UDI] lawmakers adopted a similar stance and once again demanded that measures be taken to support agriculture. They also alerted their colleagues to the fact that they will keep a "watchful eye" on the terms of the agreement with Mercosur.

They were all of one mind about the inadvisability of the incumbent administration trying to railroad ratification of the treaty through Congress.

The three UDI senators sent a letter to Foreign Minister Jose Miguel Insulza and Economy Minister Alvaro Garcia on 20 June to request information regarding the causes that led the Frei administration to finalize the accord with Mercosur and to expound to them the criteria by which they will gauge this treaty in Congress.

Senators Hernan Larrain, Beltran Urenda, and Eugenio Cantuarias pointed out in their missive that they wish to understand more thoroughly the underpinning of the present administration's foreign trade strategy of joining regional integration endeavors instead of integrating into the world scene by unilaterally reducing tariffs.

The UDI senators also requested that the secretaries of state send them the studies on the net economic benefits Chile will derive from its accord with Mercosur, which were undertaken to assess the advisability of such accord.

Before closing their letter, the senators suggested that concurrently with the submission of the treaty to Congress, the Frei administration should define a policy geared to encouraging economic growth in rural areas, adopting countervailing measures for agriculture, and setting into motion plans to help regions adapt to the new environment so as to offset the impact this integration will have on them. In concluding, the senators state that UDI's stance on this accord will be contingent upon the response they will receive from the authorities.

RN lawmakers expressed their appreciation for the efforts put into economic integration, but sounded an alert to the fact that they will keep a "watchful eye" on the terms of the agreement with Mercosur, especially in what pertains to agriculture and the textile industry.

RN Senators Sergio Romero and Sebastian Pinera and Deputy Jose Garcia demanded that countervailing measures be urgently instituted to offset possible adverse effects on these sectors and allow them to compete on an equal footing with Mercosur.

They also put forward several measures to pump-prime agriculture, such as the elimination of tariffs levied on inputs, new lines of credit, bonuses, maintenance of current subsidies, and better infrastructure for rural areas.

DC Senator Andres Zaldivar declared that his party will uphold the adoption of countervailing measures for those sectors that will be adversely affected by the accord with Mercosur, but will not consider this a prerequisite for ratifying the treaty. Zaldivar stressed that, in his view, there was no need for President Eduardo Frei to submit the economic complementation accord with Mercosur to Congress for ratification.

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Chile: Foreign Ministry's Handling of Negotiations Praised

PY2406184996 Santiago LA TERCERA DE LA HORA in Spanish 21 Jun 96 p 2

[Editorial: "Agreement With the EU"]

[FBIS Translated Text] The mere fact that the United Kingdom has lifted its veto on EU actions so Chile could today sign the framework cooperation agreement with the EU is evidence of a successful job by the Chilean Foreign Ministry. It is an undisputed fact that the deference shown by Prime Minister John Major's administration was the result of a carefully planned diplomatic strategy conducted in all EU countries, and particularly, of course, in Great Britain.

Foreign Minister Jose Miguel Insulza — who was in constant contact with his British colleague — and Foreign Ministry Under Secretary Mariano Fernandez were the great promoters of this historic achievement which will enable the signing of this treaty today in Florence in the presence of the chiefs of state and government of 15 European countries.

This is a very important event for Chile because the final objective is to establish a political and economic association that will allow institutional political dialogue and the establishment of a mechanism that will lead to an eventual bilateral trade liberalization.

Within this context, it is unfortunate that representatives from Atacama and Coquimbo objected, because the administration would have eventually submitted amendments to the Alcohol Law bill in view of pressures from the United Kingdom which reportedly conditioned the lifting of its veto to a cut in taxes on whisky imports.

Foreign Minister Insulza categorically denied such congressional imputations. He said a special effort was made not to mix the two issues. This issue will undoubtedly acquire more relevance because after the signing of the agreement no one will be able to raise protectionist arguments like those raised by both Pisco [alcoholic drink] producers and the Atacama and Coquimbo legislators.

Lastly, we must stress the important lesson learned from this episode: The only way to ensure the success of international negotiations is to allow the Foreign Ministry to handle the situation and avoid the intervention of other ministries.

Chile: Commentary Sees 'Fierce Internal Battle' in Kremlin

PY2106133196 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 21 Jun 96

[International Commentary by Karin Ebensperger]

[FBIS Translated Text] There is a fierce internal battle going on currently in the Kremlin. President Yeltsin today ousted three high-ranking officials identified as hard liners who are against the holding of new elections and who want to remain in power by force.

General Aleksandr Lebed today assumed his duties as new chief of the powerful Security Council. Yeltsin appointed Lebed to this key position in exchange for Lebed's support. Lebed obtained almost 15 percent of the votes in the first round of the Russian elections.

Lebed said he will suppress any plans to impede the holding of the runoff elections between Yeltsin and Communist candidate Zyuganov scheduled for 3 July.

Today Yeltsin ousted Korzhakov, chief of his personal guard; the powerful Barsukov, chief of the federal security service, which replaced the KGB; and the government's number two man, Oleg Soskovets, who is also powerful. These three men were plotting to remain in power and to avoid the holding of the runoff elections.

In the end, Yeltsin ended a long battle that was being waged inside the Kremlin among his own assistants. Those who opposed the holding of runoff elections out of fear they would jeopardize Yeltsin's political survival and their own were ousted from their posts.

In view of this, Yeltsin can now concentrate on the runoff elections with Gen. Lebed's support. Lebed is the key man to prevent nationalists from supporting Gennadiy Zyuganov.

Colombia

Colombia: Government To 'Reactivate' Contacts With U.S.

PA2406144396 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 24 Jun 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] The Colombian Government will reactivate its technical contacts at the highest level with U.S. Government officials in order to overcome difficulties in the bilateral trade relations.

It has been confirmed that Foreign Trade Minister Morris Harf Meyer will travel this week to Washington after having held several conversations with U.S. Ambassador to Colombia Myles Frechette. Minister Harf

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Meyer will be accompanied by leaders from Analdex [National Association of Exporters], Fenalco [National Federation of Businessmen], and Andi [National Association of Industrialists].

Meanwhile, Development Minister Rodrigo Marin has said the government is ready to initiate new technical contacts at the highest level with U.S. officials, bearing in mind the following priorities: to adopt decisions on reactivating the bilateral commission, to eliminate the obstacles preventing the country from negotiating separately a reciprocal treaty on foreign investments, and to reach a mutual agreement on copyrights.

Colombia: Foreign Minister on U.S. Relations

PA2406185196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 24 Jun 96

[Telephone interview with Foreign Minister Rodrigo Pardo by news director Dario Arizmendi and reporter Judith Sarmiento in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Greetings to Foreign Minister Dr. Rodrigo Pardo Garcia-Pena. Good morning Mr. Foreign Minister.

[Pardo] Good morning, Dario. How are you doing?

[Arizmendi] U.S. Ambassador to Colombia Myles Frechette yesterday told Caracol that it was essential to denarcotize [as heard] the Colombian-U.S. relations and that his government was ready to resume conversations on a bilateral agenda. How does the Colombian Government feel about this positive statement by President Clinton's diplomatic representative in Colombia?

[Pardo Garcia-Pena] Yes, Dario, I think this is something we have been working on for several months now with the United States through our embassies, that is, through the two embassies, our embassy in the United States and the U.S. Embassy here. The idea would be to continue working on the cooperation programs that are most important for both countries, particularly for the struggle against drugs. Likewise, we should continue working on other topics that are very important to both countries, such as trade, investments, the programs to follow up the Summit of the Americas. There is a very long agenda with the United States, which is after all Colombia's most wealthy and important bilateral relation.

[Arizmendi] Have any meetings with the U.S. officials been scheduled, and as of when, Mr. Foreign Minister?

[Pardo Garcia-Pena] Dario, we have these meetings on a permanent basis. We do not really have very specific plans of forthcoming meetings. However, we always hold meetings both here in Bogota and other places, such as Washington and New York, and other places. The idea is that we continue to make progress. On the one hand, we should develop a relation based on fight against the drugs, which is what interests most both countries. On the other hand, we want to make progress in other very important topics, without this having to depend on the problem of drugs.

[Arizmendi] Could we interpret the statements by the U.S. ambassador as a change of attitude of the U.S. Government toward Colombia following the decision of the Chamber of Representatives?

[Pardo Garcia-Pena] Ambassador Frechette had already voiced a stance to this effect. Likewise, we cannot disregard the fact that although we are going to make progress and that we want to find a way to work together, we are having problems with our relations. Our relations have sensitive and serious problems because the of factors that brought those relations to its current low level. Those factors have to do with the difficulties stemming from the drug problem, the crisis we have experienced, which is fortunately being surpassed, and with the U.S. electoral campaign. These factors still prevail, and as long as this is the case, the management of our relations continues to be difficult.

[Sarmiento] Mr. Foreign Minister, at a time when Colombia and the United States seem to be lowering somewhat the tension affecting their relations, is it advisable for our country to denounce the bilateral aeronautics agreement in view of the problem with Avianca [Colombian National Airways] and American Airlines?

[Pardo Garcia-Pena] Actually, that is something we are starting to study. We will be holding several meetings this week in order to reach a decision on this subject. However, that subject is somewhat independent. The aeronautics topic has its own system, background, and institutions. It is being handled in a way that is, let us say, separated from the political situation. There is a treaty dating back to the 50's; it is a treaty that is somewhat outdated for the needs of today's aeronautical industry. Actually, the relations at the aeronautical level are being conducted by the pertinent authorities. These relations are being conducted by Colombia's Civil Aeronautics and the U.S. Federal Aviation Agency. We must understand the aeronautical problem from that point of view, and what has occurred is a development of the need to adjust the agreement to the current circumstances. Perhaps in this case, there is another short-term factor, and that is the competition between two U.S. airlines — American and Continental — for the Bogota-New York route.

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[Arizmendi] Mr. Foreign Minister: How do the strong statements by Marco Tulio Gutierrez, DAS [Administrative Department of Security] director, further aggravate the relations between the two countries?

[Pardo Garcia-Pena] Well, I think these statements are very unfortunate, because this is the not the way to treat another country or the officials from another country. Regardless of the agreements or disagreements we might have, they deserve all of our respect. I think that the words used by Marco Tulio almost have a personal connotation that needlessly harms the relationship. Therefore, we should abstain from talking about them. It seems to me that diplomacy and diplomatic channels were created specifically so that countries could speak to each other based on mutual respect and handle issues regardless of their differences or disagreements.

[Arizmendi] Is this a censure and public vote against the DAS director for his statements against Ambassador Frechette?

[Pardo Garcia-Pena] Actually, I think these statements are not advisable and do not favor the handling of relations, particularly when these concern relations with the United States — which is so important — and when these relations are going through such difficult times, like now. It seems to me that this is when we must be the most careful and respectful. I repeat: It is not that we cannot voice our disagreements or the country's stand with the necessary firmness. However, I feel we must also make use of a minimum amount of respect, which is what we demand from the U.S. authorities.

[Sarmiento] That was the Colombian foreign minister, Dr. Rodrigo Pardo Garcia-Pena.

Colombia: Appointment of New Envoy to U.S. Suspended

PA2406161096 Santa Fe de Bogota SEMANA in Spanish 25 Jun-2 Jul 96

[From the "Confidential News" Column — received via Internet]

[FBIS Translated Text] The Colombian Government has decided to suspend the appointment of a new ambassador to Washington to replace Carlos Lleras de la Fuente. The Foreign Ministry officially has asked former Deputy Attorney General Mauricio Echeverri, who was the number three man at that diplomatic mission, to be in charge of the embassy. The Colombian Government does not want to risk facing a delayed agreement [previous word in English] while relations between the two countries are not stable.

Colombia: U.S. Said To Threaten Banks Tied to Drug Business

PA2406195296 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 24 Jun 96

[From the "National Newscast"; monitored live from retransmission by Lima Sistema Unido de Retransmision Television at 1730 GMT on 24 June]

[FBIS Translated Text] The U.S. Government has threatened Colombian banks that do business with companies linked to the drug cartels with the same treatment given to narcotics traffickers. In a letter addressed to the president of Asobancaria [Banks and Financial Institutions Association], U.S. Ambassador Myles Frechette advises there is a black list of companies with which one cannot do business.

This letter from Ambassador Myles Frechette to Asobancaria President Cesar Gonzalez Munoz is a clear and categorical threat: Those banks doing business with any of the 200 companies that, according to the United States, have links with narcotics trafficking will be included on the same list and treated as narcotics traffickers. In other words, they will be banned from doing business with U.S. banks, in addition to other penalties.

The letter, which has alarmed Colombian bankers, is circulating accompanied by a memorandum in which the banks' presidents recommend that their employees strictly comply with all regulations to prevent any business with companies or monies from narcotics trafficking.

[Begin Gonzalez Munoz recording] I am worried about the fact that the U.S. Government has the power to do what that letter says. [end recording]

La Rebaja Drugstores, [Crespor] Laboratories, [Sara] Investments, La Loma Agricultural Company, and the Pacific Beef Distribution Company are among the 200 companies allegedly linked to the Cali cartel and banned by the United States. With regard to the U.S. warnings, a U.S. mission of money-laundering experts has arrived in Colombia.

Colombia: Interview With Airline President Posada

PA2406183696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 24 Jun 96

[Telephone interview with Aces (Aerolinas Centrales de Colombia) Airline President Juan Emilio Posada by Caracol's news director Dario Arizmendi; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] A dispute between two U.S. airline corporations, Continental Airlines and

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American Airlines, regarding the New York-Santa Fe de Bogota-New York route has raised doubts regarding the possibility of Avianca continuing to operate the same route. This was determined Friday by the U.S. Department of Transportation. Foreign Affairs Minister Rodrigo Pardo Pena and the director of the Civil Aeronautics Administrative Directorate confirmed to Radio Caracol a few minutes ago that Colombia is considering renouncing the bilateral air transportation agreement to negotiate a new treaty. At 0723 hours, Caracol is in communication with Aces Airline President Juan Emilio Posada. Mr. Posada, good morning.

[Posada] Good morning, Dario.

[Arizmendi] What is Aces position regarding this conflict which has airlines, travel agencies, hotels, air freight companies, and exporters in suspense.

[Posada] If you will allow me 40 seconds, I will give you a reasonable answer.

[Arizmendi] Of course.

[Posada] More than 80 percent of the air traffic between Colombia and the United States is made up of Colombian travelers. Moreover, U.S. airlines are increasingly transporting more passengers than Colombian airlines along the U.S.-Colombia routes.

Now then, the agreement demands responsible handling of the supply-side levels, adjusting them closely to the public's needs. Likewise, the agreement demands equal and fair treatment between the parties, that is, there should be equal opportunities between the U.S. and Colombian airlines and a balanced market. In addition, the agreement forbids unilateral restrictions on one country's airline by the other country. However, last October, the U.S. Embassy asked for a consultation meeting within the agreement and announced unilateral measures, which froze the number of Colombian airline flights to the United States. In January 1996, Colombia requested a consultation meeting to appeal the clauses of the agreement, which require that the supply-side be closely adapted to the needs of the demand. A disproportionate increase in the number of requests for a greater number of flights by U.S. passenger airline companies, and a greater number of U.S. air freight companies, had been foreseen and is already evident, and includes [word indistinct] eight U.S. cargo companies versus five Colombian freight carriers in a market which was already receiving good service. In late February, Continental Airlines requested the Santa Fe de Bogota-New York route. Eight days later, American Airlines expressed interest in reopening the same route, which it had previously abandoned, arguing that it did not have to present any request to Colombian authorities. What did the Civil Aeronautics Administrative Directorate reply? The Directorate perceives that this is a war between two titans in which a Colombian airline is caught between the two warring parties, with a great possibility of suddenly being the most affected party because the supply would increase three-fold, and it would be impossible for the demand to increase as fast as the supply-side increased.

[Arizmendi] In your opinion, is the Colombian Civil Aeronautics Administrative Directorate really defending the fair play, equality, and rules of the game, between our airline company, Avianca, and the U.S. airline companies?

[Posada] Exactly, yes it is. The [word indistinct] has these clauses. We have seen that Colombia wants to implement the clauses regarding responsibility and adaptability of the supply-side, and equity for all parties, and that the United States would like to have absolute freedom, because its airlines, which own 500 to 700 carriers, have a greater chance of winning a total, disorderly, uncontrolled war.

[Arizmendi] Dr. Juan Emilio Posada, president of Aces, what do you think will occur? Do you believe the agreement will be [words indistinct]. Do you believe the announcement made by our authorities of a possible rejection of the existing agreement to negotiate a new agreement is perfectly viable, and could it be the road to follow?

[Posada] I believe that would be very difficult. Washington's position last week was very clear. They demanded that two requirement be met: one regarding passenger service, which demanded that American Airlines be added to the Santa Fe de Bogota-New York route, despite the fact that Colombia had allowed the entry of Continental Airlines; and the second, that two U.S. air freight companies be added.

That is why I believe that it is best that Colombia immediately renounce the agreement. The consequences of that would be that in the absence of a written agreement and international law, and in general, demands that relations be handled on reciprocity basis. So, in the absence of an agreement, Colombia will allow as many flights and seats to be offered along the Santa Fe de Bogota-New York route as the United States allows Colombian airlines. It is the best way of guaranteeing reciprocity and equality.

[Arizmendi] Does the current Colombian political situation — the institutional crisis and deterioration of relations between the Colombia and the United States due to President Ernesto Samper's political campaign — have anything to do with this conflict?

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[Posada] I did not detect that last week. I would only venture to say that the attitude of the U.S. officials could be a little less tolerant, or less disposed toward seeking creative solutions to a conflict. However, I do not believe there is a direct, marked, intentional effect, or that these wholly commercial relations are contaminated in any way by the political situation.

[Arizmendi] Would the route banned to Avianca be the Santa Fe de Bogota-New York-Santa Fe de Bogota route, or could it also affect the rest of the airlines companies' routes, including Aces airline company, to Miami.

[Posada] An escalation of sanctions could be an open call to war in which shots are fired everywhere, like a madman with a revolver in [word indistinct].

[Arizmendi] Then one cannot dismiss the possibility that flights to Los Angeles, Chicago, Miami, or other U.S. cities, could be banned in the future?

[Posada] I do not believe we can discard that possibility, although I believe that nationally, and rationally, sanctions will begin to be taken directly in those routes in which differences exist, in this specific case, the Santa Fe de Bogota-New York route. That is why we are speaking of the Santa Fe de Bogota-New York route: Avianca Santa Fe de Bogota-New York, Continental Airline Santa Fe de Bogota-New York. Perhaps something similar will arise in the air freight field when the Unites States is told that it is neither prudent nor convenient to allow more U.S. air freight companies.

[Arizmendi] Why should a war between to U.S. companies place Colombia at the brink of a blockade regarding passenger and freight air service?

[Posada] That is what the Colombian Civil Aeronautics Administrative Directorate is trying to prevent. They are trying to prevent Colombian airlines from being sandwiched between two world aviation giants.

[Arizmendi] What do you believe would be the most advisable step to take? What has to be done to prevent the worst from occurring?

[Posada] I really believe that if the United States is not interested in a practical and expedite implementation of the clauses that demand fair play and equality, and an adequate supply closely adjusted to the demand, Colombia should renounce the agreement and allow simple reciprocity to govern the airline relationship between the two countries. This does not mean there won't be any airline relations. Airline relationships will exist, but under the principles of reciprocity.

Colombia: Aeronautics Head on Suspended Talks With U.S.

PA2506031796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 25 Jun 96

[From the "24 Hours" newscast; monitored live from a retransmission by Lima Sistema Unido de Retransmision]

[FBIS Translated Text] [Announcer] For the Colombian Civil Aeronautics Administrative Directorate [DAAC], the talks between the authorities of the two countries remain broken off.

[Reporter Liliana Osorio] The Colombian DAAC on 24 June stressed that talks with its U.S. counterpart remain suspended until Washington reconsiders the announced sanctions against Colombian airlines.

[Begin DAAC Director Abel Enrique Jimenez recording] The talks with the United States remain suspended. We offered to continue to hold them, and we offer to hold them in Cartagena. We have never perceived political reasons behind all this. However, there are very strong commercial reasons behind all this: the commercial might of U.S. airlines, for which it is very attractive to come to Colombia. [end recording]

[Osorio] This conflict is taking place precisely when the United States will decide if Colombia will continue in the second category or drop to the third category, which is considered to be the worst one. Even in the second category, Colombia is already facing difficulties in the international aviation market, as it cannot purchase new planes, which further reduces the movement of passengers on international routes.

Even though bilateral relations remain tense, Colombia expects to continue to hold talks with the United States on its own turf during a meeting the sector will hold in Cartagena de las Indias.

[Announcer] Meanwhile, in the opinion of the Colombian Association of Air Transportation Carriers [Asociacion de Transportadores Aereos — ATAC], the conflict is resolved through talks, and it does not believe in the deterioration of relations between the two countries, as Aerocivil [expansion unknown] affirmed.

[Reporter Patricia Parada] If the United States promotes an imbalance in aeronautical relations with Colombia, it is wise to condemn the bilateral agreement. This is what ATAC President (Manuel Leal) pointed out. He also said that, despite the disputes and the suspension of talks, there is no interest in breaking off relations between the two nations.

[Begin Leal recording] The fact that we have different opinions does not mean that there is a naturally, let us

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say, a chaotic relationship between the two countries. [end recording]

[Parada] According to ATAC, the differences can be resolved only by consulting the airlines of the two countries in order to reach an amicable solution.

Colombia: Foreign Minister Rejects DAS Head's Statements

PA2506024196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 25 Jun 96

[From the "24 Hours" newscast; monitored live from a retransmission by Lima Sistema Unido de Retransmision]

[FBIS Translated Text] Foreign Relations Minister Rodrigo Pardo on 24 June rejected the statements DAS [Administrative Department of Security] Director Marcos Tulio Gutierrez made. Gutierrez said that certain statements made by Myles Frechette, U.S. ambassador to Santa Fe de Bogota, were cunning [bellacas]. Pardo also talked about the contract with the Kroll company, which specializes in investigations and intelligence.

[Unidentified reporter] The statements DAS Director Gutierrez made coincided with demonstrations leftist groups staged outside the U.S. Embassy. Foreign Minister Pardo decried the two incidents:

[Begin Pardo recording] I believe that it is a current priority for the government and the entire society to avoid further deterioration in relations with the United States, and this is why it seems to me that the statements and the language used do not help, but hinder the attempts we have to make to improve relations or at least to prevent further deterioration. [end recording]

[Reporter] Following are the statements Gutierrez made of which Minister Pardo disapproved:

[Begin Gutierrez recording] In his latest appearance, he publicly said that we at the DAS bugged his telephone lines and that we have persecuted him in Medellin. In addition to being a big lie, these are cunning remarks. That is not true. [end recording]

[Reporter] Regarding the contract that was not signed with the U.S. Kroll company, made public along with the alleged Tactical Strategies Plan, PET, which is attributed to the DAS and which involves the supposed persecution of government enemies, the foreign minister affirmed:

[Begin Pardo recording] Several options were examined; however — I repeat — unfortunately, we failed. There was never an agreement; there was no work. A tangible plan was never formed from the preliminary talks on external advice, which, I repeat, I consider would have been very useful for a country that has serious problems with drug trafficking, money laundering, kidnapping, and subversion matters. [end recording]

Colombia: Trade Minister on Possible U.S. Sanctions

PA2306235096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 22 Jun 96

[From "The Midday Newscast"]

[FBIS Translated Text] [Announcer] As amply reported, the United States has threatened to impose sanctions on Colombian airlines, while Colombian authorities have warned that they will respond to those measures after the two countries have suspended civil aviation negotiations in a few hours. This new incident is the first one to take place following President Ernesto Samper's acquittal by the Chamber of Representatives and, according to experts, it threatens to further worsen the already tense relations between Bogota and Washington.

A communique issued by the U.S. Embassy indicated that Colombian delegates have refused to let U.S. airlines begin to provide services in the Colombian-U.S. market, which is a right stipulated by the bilateral civil aviation agreement signed in 1956. The Colombian Civil Aeronautics Directorate also issued a communique, and recently, we spoke to the foreign trade minister. Here is a report from Orlando Cano:

[Begin recording] [Cano] Good afternoon. Currently, there is great concern among travel agency members of Anato [Colombian Association of Travel and Tourism Agencies] regarding the future of tourist packages. In addition, there is great concern among the businessmen who have commercial and financial ties with New York, as well as coffee exporters, who use air transporation services on a permanent basis, as private exporters ship large amounts of coffee to New York.

The meeting scheduled for Wednesday will be definitive as Colombian commercial authorities, headlined by Colombian Foreign Trade Minister Morris Harf, will meet with U.S. counterparts and businessmen in Washington, where they will review the binational agenda and business issues. During this meeting, they will try to find a solution to their differences regarding commercial aviation.

We have Foreign Trade Minister Morris Harf here, and we want to ask him the following: What is the situation regarding the major differences that have emerged between U.S. and Colombian authorities and might entail sanctions on the Colombian airline Avianca [Colombian National Airways]?

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[Harf] The air route is the result of a bilateral aeronautic agreement, which has been in effect since the 1950's, between Colombia and the United States. In this agreement, Colombia awarded U.S. airlines the benefit of a route to four destinations in Colombia and, in reciprocity, the United States also awarded Colombia a route to fly to four destinations in the United States.

In keeping with this, early this year, Continental Airlines asked the Colombian Government to award it the New York-Bogota-New York route, since American Airlines decided to leave this route three years ago. American Airlines made this decision, as it considered that the route was not profitable enough and that bidding on this route was no longer feasible. The National Aeronautical Council evaluated this request at a public bidding and awarded this route to Continental Airlines. Within the framework of the bilateral agreement, obviously American Airlines did not agree to this decision and has filed a suit with the U.S. Department of Transportation against this decision by the Colombian aeronautical officials.

This decision, however, is the result of a bilateral agreement between the United States and Colombia.

[Cano] Is there a possibility of a U.S. veto on companies such as Avianca?

[Harf] No. I do not believe there will be any veto. What we will see is a negotiation between the two countries regarding aeronautic matters to ensure reciprocity and balance between the routes and their frequency between the two countries.

[Cano] It has not been ruled out that, in the coming hours, direct contacts might take place between Colombian commercial authorities, the director of the Civil Aeronautics Directorate, and U.S. Ambassador to Colombia Myles Frechette to review all these binational agreements, which the Colombian Government does not truly believe will fall apart. [end recording]

Colombia: Business Sector Urges 'Caution' on U.S. Ties

PA2506033596 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 25 Jun 96

[From the "24 Hours" newscast; monitored live from a retransmission by Lima Sistema Unido de Retransmision]

[FBIS Translated Text] [Announcer] Colombian tradesmen and exporters have recommended handling the conflict among the U.S. and domestic airlines with caution in order not to further harm relations between the two countries.

[Reporter] For exporters, a ban on any Colombian airline landing in the United States would be serious, especially if it involves the Miami-Santa Fe Bogota route. The reason is because 90 percent of national exports enter the United States through this city. This is why they proposed making more appearances before U.S. authorities to mediate in this situation.

[Begin Daniel Diaz, National Association of Exporters vice president, recording] Our capacity for transportation to the United States could be adversely affected, because most of our merchandise goes to Miami. [end recording]

Meanwhile, tradesmen believe that the situation needs to be cautiously handled.

[Begin Sabas Pretelt, National Federation of Businessmen president, recording] We have to handle this with a great deal of prudence and tact, but with firmness, because we cannot have disadvantages in international competition. [end recording]

Colombia: Army Reports Dismantling FARC City Network

PA2506025596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 22 Jun 96

[From "The Midday Newscast"]

[FBIS Translated Text] [Announcer] The self-styled FARC [Revolutionary Armed Forces of Colombia] plotted to attack local personalities in reprisal for the Chamber of Representatives's decision to preclude an investigation into President Ernesto Samper. The plans uncovered by the Army included attacking Samper himself. What did the authorities uncover?

We got in touch with General Euclides Sanchez, commander of the Army's 5th Division stationed in Santa Fe de Bogota, who agreed, at Caracol's request, to explain how the investigation developed and what were its results. Good afternoon, General.

[Sanchez] Good afternoon, friend. The 5th Division command reports that, through the intelligence battalion's work, we succeeded in dismantling the backbone of FARC's city network, what they call the Antonio Narino city front. We seized a large quantity of war material, including 19 9-mm pistols with their magazines, three home-made mortars, one Ambrus rocket launcher, a rifle and 40mm grenades, 6,900 7.62-mm cartridges, 9-mm ammunition, M-72 rockets, administrative material, documents important for military intelligence, and communications material.

[Reporter] According to the 5th Division's official report, the retaliation that FARC prepared because of

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Congress' decision a few days ago was uncovered. How was this conclusion reached and what personalities would have been targeted by the rebels?

[Sanchez] I would like to explain that these are plans that the narcotics-dealing FARC had prepared to disrupt public order. These plans included attacking military patrols and installations, police garrisons, government installations, and local personalities. These plans have been countered by the military intelligence's successful work and the devoted work of the 13th Brigade troops. At this time, I cannot confirm the names of the personalities that would have been attacked. Nevertheless, I can say that, with these materials, the rebels could have perpetrated terrorist actions that would have been of great importance in the nation's life.

[Reporter] The rocket launcher that you mentioned could be used against airplanes, right?

[Sanchez] The device can fire a surface-to-air rocket that can be used against a plane in flight.

[Reporter] Finally, General. Have there been any arrests?

[Sanchez] Yes. Four people have been arrested and put at the orders of the Prosecutor General's Office. The pertinent legal procedures are being carried out. Military operations continue both in city and rural areas. I wish to highlight both the people's excellent cooperation in the form of information supplied and the intelligence brigade's work.

[Reporter] Is it suspected that some members of this city cell are still around or was it dismantled entirely?

[Sanchez] We are working on that. There will surely be more operations in the next few days. We will report to the media when the time comes.

[Reporter] You have been most kind, General.

[Sanchez] Thanks for the opportunity given to me. I wish to take it both to call the people's attention to the importance that the military forces attach to cooperation and to recognize the people's excellent cooperation. The Army is on alert. Our only purpose is to preserve peace and tranquility in the Cundinamarca department jurisdiction. Thanks.

Colombia: Technical Investigation Corps Head Reinstated

PA2406201996 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 24 Jun 96

[From the "National Newscast"; monitored live from retransmission by Lima Sistema Unido de Retransmision Television at 1730 GMT on 24 June]

[FBIS Translated Text] The Office of the Prosecutor General has won another battle in its fight against the Attorney General's Office.

Hernan Jimenez, the director of the Technical Investigation Corps [CTI], has returned to his post. Jimenez is the man who unleashed the scandal of the false witnesses against the Prosecutor General. After a three-month suspension, ordered by the Attorney General's Office, the official has returned and there are no charges against him.

Hernan Jimenez, director of the CTI of the Office of the Prosecutor General, feels that time proved him right. He did not waver during the three months that he was suspended. He continues to believe that the witnesses from the Attorney General's Office in the case against Alfonso Valdivieso Sarmiento at the time when the latter was the education minister were manipulated.

[Begin Jimenez recording] I think it is quite clear that my actions as CTI director were serious and stable, and there were no irregularities to this effect. [end recording]

Jimenez disclosed that even though he was suspended by the Attorney General's Office, that office never called him to testify, did not file any charges, and it has not notified him of any other disciplinary decision.

[Begin Jimenez recording] I have not received any notification of any charges. I understand some inquiries have been made, and I am awaiting any decisions that might be made. [end recording]

The truth is that with the reinstatement of Hernan Jimenez, the Office of the Prosecutor General of the Republic has won another battle from the Attorney General's Office, even though the investigations have not yet concluded.

Colombia: Further on Economic Revitalization Plan

96SM0400D Santa Fe de Bogota EL ESPECTADOR in Spanish 21 Jun 96

[Received via Internet]

[FBIS Translated Text] The government has the economic reactivation plan ready, its common denominator being increased protection for the national industry.

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With it, an attempt is being made to lend greater liquidity to the economy, through a reduction in the interest rates on loans granted by the IFI [Industrial Development Institute] and Bancoldex [Colombian Export Development Bank], and through some smaller cash reserves in the CDT [Fixed Term Certificates of Deposit]. However, this decision depends on the Central Bank.

It also authorizes an impetus for low-income housing, through the creation of a credit guarantee fund for this type of solution.

The financial entities of the cooperative sector will be permitted to lend for this type of housing. The family compensation funds also will be given instructions to raise the subsidies for low-income housing. They will be given the liberty to use their excess liquidity.

One innovation is the change in the state purchases system. An effort is being made to give priority to national suppliers. The government cannot lose sight of its commitments to the G-3 [Group of Three] in this connection.

Furthermore, a study is being made on authorizing Bancoldex to lend funds for the purpose of financing infrastructural projects required to facilitate the flow of trade with other countries (roads, ports, warehouses, and loading wharves, for example).

Besides the safeguards that will be adopted now to curb unfair imports of textiles, cotton, footwear, leather, triplex, and polypropylene wrapping material, there will be an increase in the funds received by some exporters through the Cert [Tax Reimbursement Certificate]. Also, approval will be given for the keeping of "informational" records on all imports.

Colombia: Ocampo Notes 3-Point Plan for Economy

96SM0400C Santa Fe de Bogota EL ESPECTADOR in Spanish 20 Jun 96

[Received via Internet]

[FBIS Translated Text] Finance Minister Jose Antonio Ocampo announced a three-point plan yesterday to reactivate the national economy.

The first point will focus on cutting interest rates. The upswing in interest rates has become the main cause of the reduction in demand and, consequently, of the economic slowdown.

Ocampo expressed optimism concerning this objective, because the immediate goal is a five-point cut in the rates, and three of those points have already been achieved.

Another strategy consists of promoting low-income housing construction, for which purpose work is being done on a plan with the savings and housing corporations.

Finally, a review will be made of the factors that are generating unfair competition, such as contraband and under-invoicing. This will entail resorting to the available tools, such as the safeguard clauses.

An additional factor underscored by the minister is that of facilitating foreign investment in public services, by eliminating the authorization that has been required up until now by the National Planning agency.

On the subject of the exchange rate, he claimed that it has been kept sufficiently stable: so much so that, during the past two months, the Central Bank's intervention has not been necessary.

Colombia: Harf Says No Suspension of ATPA Benefits

96SM0400B Santa Fe de Bogota EL ESPECTADOR in Spanish 21 Jun 96

[Received via Internet]

[FBIS Translated Text] Yesterday, Foreign Trade Minister Morris Harf Meyer announced that the president of the United States, Bill Clinton, has sent a letter to Florida congress members in which he states that he will not eliminate the preferential tariffs granted to Colombia through the ATPA [Andean Trade Preference Act].

He said that the letter addresses concerns brought up by the congress members regarding the negative effects that a sanction of that type would have on Florida flower importers.

At a meeting with business owners from Friends 80, Harf noted that he does not anticipate the elimination of the sugar import quota either.

On the contrary, he revealed that the U.S. Department of Agriculture has requested information from Colombia on this product, for the purpose of raising that quota.

According to Harf, suspending the ATPA benefits or removing the sugar quota are the only options for an economic sanction that the U.S. Government could apply on the basis of the decertification, because they are support measures that it has offered unilaterally.

The minister explained that there is no consensus in the United States on the position to be adopted toward Colombia: the State Department has an unfavorable view of the country, but the Agriculture, Commerce, and Justice Departments do not think that there should be sanctions.

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Moreover, he announced that, at a forthcoming meeting, he will attempt to improve the situation in which Colombia has been left compared with Mexico in the context of the Group of Three (G-3), in three respects: An exchange safeguard was not provided, there has been no reciprocity in state purchases, and the automotive agreement is unfavorable, owing to Mexico's participation in NAFTA.

Colombia: Samper: Canal Proposal 'Not a Smoke Screen'

96SM0400A Santa Fe de Bogota EL ESPECTADOR in Spanish 20 Jun 96

[Received via Internet]

[FBIS Translated Text] Yesterday, upon installing the inter-institutional commission for the construction of the Atrato-Truando canal, President Ernesto Samper declared: "The proposal for joining the oceans through a canal is not a smoke screen."

Also stressing that "it is not a dream, much less a utopian idea," he later pointed out that those who considered it a smoke screen were mistaken because, he added, "the government will expedite the project with the commission. It is the body responsible for determining which of the 25 options resulting from the studies is the most advantageous, practical, and viable for implementation during the next few years."

The president claimed that "the country needs to think big," remarking: "We Colombians cannot continue to be reduced to the dwarf status of dwelling on each day's anxiety, each week's concern, or next month's possibilities. Colombia is a country with great potential for development, so long as this are converted into authentic realities."

Nevertheless, he asserted: "This depends on our capacity for thinking big."

The president also reiterated that "the reactivation of an inter-oceanic communication route is the consolidation of a long-standing desire that has been studied since the 1940's."

Ecuador

Ecuador: Duran-Ballen's Meeting With U.S. President Previewed

PY2506034096 Quito Voz de Los Andes in Spanish 1700 GMT 24 Jun 96

[FBIS Translated Excerpt] President Sixto Duran-Ballen has been in the United States since 23 June. Today he is scheduled to meet with U.S. President Bill Clinton. Oscar Antonio Bravo held a telephone talk with Blasco Penaherrera Padilla, Ecuadoran ambassador to the OAS, which is headquartered in Washington D.C. From the U.S. capital, Penaherrera underscored the importance of the Ecuadoran head of state's visit to the United States. He said:

[Begin recording] [Penaherrera] I would say that, given the huge dimensions of this country, which is used to receiving heads of state from all over the world, the arrival of President Duran-Ballen is not in the least an exceptional event. There is really not much expectation here with regard to his visit. Nevertheless, we Ecuadoreans attach quite a lot of importance to the meeting the president will have with U.S. President Bill Clinton, and while we are not concerned about it, we are expectantly awaiting the outcome of this audience.

The fundamental point on the agenda of this meeting is President Duran-Ballen's wish to convey to President Clinton Ecuador's appreciation of the U.S. Government's frank and resolute cooperation in the negotiations with our southern neighbor, which is obvious to everybody, and to clear up Ecuador's position as far as the uprightness with which our country has proceeded and the good faith with which it is acting. Moreover, Duran-Ballen would like to relay to the U.S. President the points of view of the two candidates who will vie for the presidency in the run-off election and the conviction we have — and should have — that the peace process will move ahead with greater expediency, I would venture to say, on account of the fact that there will be a new administration, which counts on the support of the Ecuadoran public concerning this issue.

[Bravo] Yesterday, you met with the president and Edgar Teran, Ecuadoran ambassador to the United States, planning the meeting Duran-Ballen will have with Clinton. Could both heads of state also broach the issue of the need for the United States to be aware of the fact that it is Peru, rather than Ecuador, that has provoked or pressed charges against the other party in a move to chase red herrings and thus avoid discussing the central issue; namely, substantial negotiations concerning the territorial issue?

[Penaherrera] That is correct. Those details are part of the general analysis of the subject. Another topic that ought to be mooted is Ecuador's concern — which is shared by all the countries of the hemisphere — about the scant efficacy of the support given by international organizations, or of the mechanisms used by these multicredit organizations to help finance our development. [passage omitted]

[Bravo] Will the Ecuadoran head of state request that the United States continue participating in the MOMEP [Ecuador-Peru Military Observers Mission]

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beyond December 1996? Or will this subject not be discussed with President Clinton?

[Penaherrera] Of course it will be brought up during the meeting. This is a most significant subject for our country. I would say that unfortunately, we do not have many expectations in terms of the United States changing its decision to maintain the presence of U.S. observers in the demilitarized zone until September because it seems that this is a general, rather than specific, decision. In other words, this is part of a general policy pursued by the Clinton administration. This notwithstanding, one should not forget the fact that general elections will be held in the United States in November and the outcome of the election will obviously influence, to some extent, the stance that the new administration will adopt on this issue. [passage omitted] [end recording]

Paraguay

Paraguay: Wasmosy Discusses Details of Revolt

PY2406172796 Asuncion ABC COLOR in Spanish 18 Jun 96 pp 2, 3

[Quotation marks as published]

[FBIS Translated Text] "[Congress President] Milciades Casabianca was very scared, very frightened, when he returned from the 1st Corps," President Juan Carlos Wasmosy said, recalling Milciades Rafael Casabianca's first visit on the night of 22 April, when then Army Commander General Lino Cesar Oviedo rebelled. The president pointed out that Casabianca said if the president resigned voluntarily he "would take the burden" of the responsibility to govern the country. "This was what Casabianca told me," Wasmosy added. "I told him: I'm not going to resign. Let him come and get me if he dares, was my answer," the president said yesterday. These remarks were made during an exclusive interview with journalist Victor Benitez at Radio Cardinal [on 17 June].

Asked whether Casabianca respected our institutions, Wasmosy answered: "I want to keep my opinions to myself." The head of state said that the tanks were not going to be able to leave the 1st Corps that night. He added that he had a plan to check the possibility of tanks coming toward the presidential residency. Wasmosy did not want to give details about his plan. He said he had the right to keep silence on this point. He admitted a rivalry between the Cavalry and the Air Force. "The Air Force was only waiting for an order from me to turn the Cavalry into dust," the president said.

The president insisted that Casabianca told him that night that "the situation was very serious. There is imminent danger, blood will be shed." "Casabianca brought with him a request for my resignation. If I resigned voluntarily, he would take over. I told him that I could not do that and asked him to talk about the matter with Vice President Roberto Seifart. No, no, I only want to talk with you because he (Oviedo) will take care of Seifart," the president said. Wasmosy said that these were Casabianca's "exact words." The president added that he asked Casabianca to repeat what he had told him in front of the ambassadors accompanying him at the presidential residence on 22 April.

Wasmosy explained that during the day he received threats from Oviedo through [Oviedo supporter, attorney] Victor Galeano Perrone "and my emissaries," including architect Hugo Aranda. They mentioned preparations (at the 1st Corps). They said that they had been received by military officer Florencianez with his face fully painted...," Wasmosy said.

Vasconcellos Dismissed From Itaipu Administration Council

At another point Wasmosy said that he dismissed Julio Cesar Vasconcellos from the position of Central Bank legal counsel in the swindling case because he appeared as Gen. Oviedo's attorney. He said that on 14 June he signed the decree (No. 13665) terminating Vasconcellos' functions at Itaipu Binational Entity Administration Council and named Adolfo Ozuna Gonzalez to replace him. "He should have resigned as a matter of ethics, but he did not and I had to replace him. These are ungrateful situations," Wasmosy said referring to Vasconcelos, who defended Oviedo.

The president explained that Oviedo had a lot of prestige after the 2-3 February 1989 coup. He earned a lot of praise, but later, this prestige "started to wear out as a result of his attitude. I pointed it out to him because in the end I liked him and I thought he could have a future as a civilian within the Colorado Party. He could have become a candidate. But he tarnished his image until he reached this situation, which does not favor him," the president said. "You cannot fool the people. I think his attitude does not play in his favor," the president stressed.

It Was an "Unhappy Incident"

Asked why his personal friends, such as Engineer Ramon Gimenez Gaona and Architect Aranda, intervened in state matters, Wasmosy said "we wanted people, common friends, to talk to him in order to get him to change his attitude so as to put an end to this unhappy incident as soon as possible and in the best possible way."

Asked why the high-ranking military commanders did not come to the CBI [Congressional Investigating Com-

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mittee] to give their version of the incident, President Wasmosy said that the military commanders of the three military branches and the National Police asked him not to send them to Congress. "They did not want to go," Wasmosy said.

Asked how long had he being planning to replace Oviedo, the president said he had not anticipated replacing him. The president admitted, however, that after the incident of December 1994 (involving General Carlos Ayala) [during which Oviedo reassigned Ayala and the president reinstated him] he started thinking that military power had been concentrated at the Cavalry after the 2-3 February 1989 coup, "and every time there was a rumor of unrest people talked about tanks, tanks, and tanks." "How to counter that?" The opportunity came when the Air Force lost its training camp and we started thinking about what to do in case certain things occurred. Then we decided that it would be better if things were more balanced."

Wasmosy said he talked about "balance" in the sense of "forces" in order for them "to work harmoniously trying to consolidate the process, respecting institutions." The president said that on 22 April everything was done "knowing about Oviedo's possible reaction. It was not something we prepared, something about which we could say we will do it on this date. Everything started on 22 April," the president recalled.

When it was pointed out to him that the Navy and the Air Force, not the Army, were prepared for 22 April as Oviedo claimed, the president said: "It is enough with the testimony of the people who went to the Cavalry, because there are several entrances. You wonder when you have another force in front of you. Perhaps Oviedo wanted to play the game only with a "warning." He did not dare come out. That is, he was not able to come out.

"It was just a lot of noise" [preceding expression in Guarani], Wasmosy said at one point when referring to Gen. Oviedo. He accused the former Army commander of having participated in political-partisan activities when still on active duty. He said he had a lot of patience with Oviedo despite the fact that he wanted to claim all the credit for projects carried out by the administration. "You cannot have a plane with two pilots. One must be the pilot and the other the copilot," Wasmosy said. Wasmosy also said he was not afraid of [Colorado Party President] Luis Maria Argana and that to be a shareholder of construction companies at the same time he was president of the Republic was not a crime. He blamed Engineer Ricardo Canese for the "Wasmosy Out" campaign.

Referring to the former Army commander, Wasmosy recognized that even though the proof was not categorical "there was enough undeniable evidence of his activities in politics." The president mentioned Oviedo's visit to the People of God [religious movement], "which could not end up benefiting him. Besides, I had to explain his attitude to general officers and regiment commanders. I had a lot of patience, but we all know how he ended up."

I Did Not Pay Legislators

The president said he did not pay anything to legislators to have them approve the promotion of military officers, as Oviedo claimed at the CBI. "You can ask the generals. General Cirilo Velazquez called me to say: 'It stains my honor as a soldier' to hear that legislators received money to approve my promotion. You must take what Oviedo says with a grain of salt," the president said.

Wasmosy recalled what happened on the morning of 25 April when Oviedo went to Government House to be sworn in as defense minister. The president said that the general took with him a suit for the swearing-in ceremony and a red T-shirt to launch his political campaign from Government House. "He sent someone to tell me that if I did not appoint him minister he was going to side with Luis Maria Argana. At that point I decided not to appoint him," the president said. Wasmosy also mentioned the youth, who gathered in front of the legislature to protest Oviedo's appointment as minister. He said he forbade Oviedo from speaking to his followers from the balcony. "I ordered Gen. Evaristo Gonzalez not to allow it. I did not speak with Oviedo at Government House that morning.

When the journalist mentioned to Wasmosy that people said he was afraid of Oviedo, the head of state admitted that people wanted him to retire the general. He said that no one before him dared retire him. "I took him out of the Army without shooting a single shot or shedding a drop of blood. The important thing is the result. People can accuse me of being too passive, but I was only interested in the result. If I was passive it was not because I was afraid, not the least, it was a matter of strategy," the president said.

With respect to the accusations against Congress the president said he did it because the auditorium was made up of military people. "It was necessary for that public," the president stressed. These remarks referred to his working breakfast at the Cavalry last month when he accused legislators of being ignorant, populists, etc.

The president also mentioned, as an additional evidence of Oviedo's insubordination, a telephone call from Engineer Enzo Debernardi on 22 April. "He told me that Oviedo had called him to say that just as blood had

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been shed on 2-3 February [1989], if I did not tear up General Order No. 91 [replacing him], there was going to be another blood bath.

Asked about the "Wasmosy Out" campaign, the president said we have a democracy. "I think each one of us has our own objectives that we try to accomplish. If you fail, at least you are left with the satisfaction of having tried," Wasmosy said.

The president then went on to assert: "The campaign is being promoted by Canese (Ricardo), a person who is always trying to split hairs and who thinks he is an expert in hydroelectricity, communications, transportation, strikes. He is an encyclopedia... He is bitter because I exposed him, during the presidential campaign when he stormed out of the Law School and flat out lied about the Itaipu case. He is always looking for things that make no sense or that are unreliable and, therefore, he reaches mistaken conclusions. But we are living in democracy and must be tolerant."

Being a Shareholder of an Enterprise Is No Crime

Wasmosy asserted that it is no crime to be a shareholder of an enterprise. Victor Benitez reminded him that Ecomipa is involved in the paving of the Transchaco highway, the construction of the airports in Pedro Juan Caballero and Caazapa and of the bridge over the Parana River between Presidente Franco and Foz de Iguazu; Conempa [Consortium of Paraguayan Construction Companies] is involved in improving the dirt road between Arroyos y Esteros and Primero de Marzo, and in R.I.3 Corrales; CIE [Electromechanical Engineering Consortium] in the construction of tanks for Petropar [Paraguayan Petroleum, Inc] and the electrification of the Chaco region that will demand an investment of $40 million.

In this regard Wasmosy said that these charges have a political nature with the purpose of discrediting the executive branch. "They did not get a salary adjustment — I am talking about [union leader] Alan Flores. The charges are full of deceiving and farfetched arguments. According to the Penal Code and laws, there is no harm in contracting these enterprises. The contracts may be canceled, however."

"I'm a shareholder but what harm can there be if we participate in the call for bids under the same terms? It would be another story if the project was awarded directly but it is done so through an international public tender, so what is the problem? What crime are we talking about? No civil law provision has been violated and no crime committed," he said.

When Benitez mentioned the case of the Uruguayan daily LA REPUBLICA, Wasmosy said: "According to rumors, I cannot prove this, they go around doing these things. It is a method used by journalists and they change a lot, they are not coherent. They probably tried to blackmail me; they must have thought I was going to pay them not to publish anything but no way, let them publish it. I took the legal path and resorted to justice to show who was right." LA REPUBLICA charged the president with corruption in Itaipu.

He Hopes Menem Fulfills His Promise

When asked about Ronaldo McLean, the Argentine customs official in Posadas, Wasmosy said: "I hope that Menem (Carlos) fulfills his promise. He recalled the Argentine president's statements when he announced that he had ordered McLean's replacement. So far that promise has not been fulfilled.

In response to Benitez' inquiry whether or not the integration ministry will be dismantled, he assured it would not. "We already belong to Mercosur and pulling out of it would mean suicide."

"I Am Not Afraid"

When asked what he thought about Argana, he said: "I believe he has become more moderate." When Benitez pointed out that he used to "greatly fear him," Wasmosy asserted: "Thank God, I fear nothing and nobody."

When Benitez asked Wasmosy who knew that Oviedo was going to retire, the president answered "only Army General Silvio Rafael Noguera, commander of the military forces; Navy Commander Vice Admiral Guillermo Lopez Moreira, and Air Force Commander General Cesar Cramer were aware of his plans. "Even the vice president (Angel Roberto Seifart) was not fully aware of what was going to happen because I alone assumed the responsibility of institutionalizing the military forces and of leading the country through the legality and normalcy channels."

When he was asked why he spent dawn of 23 April at the U.S. Embassy, he said that it was only to gain time. He said he did not sleep there nor could it be said that he sought asylum because if you go to a reception or an anniversary celebration of some friendly country it could also be interpreted as seeking asylum. "That is ridiculous," he said.

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Venezuela

Venezuela: President on Commitment To Fight Corruption

PA2406002496 Caracas Venezolana de Television Network in Spanish 1611 GMT 20 Jun 96

[Speech by President Dr. Rafael Caldera at Miraflores Palace in Caracas — live]

[FBIS Translated Text] Mrs. President of the Supreme Court of Justice, Messrs. Prosecutor General and Acting Comptroller General, Mr. President of the Supreme Electoral Council, Mr. Archbishop of Caracas, Messrs. Ministers, and other national, state, and municipal officials, Messrs. representatives of the Armed Forces, Messrs. representatives of political parties and of educational, cultural, economic, labor, public, and private organizations, ladies, and gentlemen:

The fight against corruption is demanding, long-term, difficult, and complex. During this fight, all of us should make an effort to create the fundamental element that is necessary to achieve victory: an awareness as a group, which involves society in condemning crime and criminals. It also means a clear awareness that giving service at all levels calls for ethics, uprightness in procedures, and a resolve not to deviate from the moral course. In order for us to contribute to the investigation and limitation of this difficult fight, we have decided to appoint a presidential commissioner for supervision of public administration.

We entrusted this position into the hands of an honest man, who is a very experienced politician who has no commitments or interests that might interfere with his duties. His task has been a difficult one. Over 1,000 complaints have been processed. Each one of them has been examined with uprightness, good faith, and the desire to find the truth. With the necessary convincing elements in hand, he has conveyed the results either to the executive branch, which will take the necessary administrative measures, to the judicial authorities when necessary, to the respective state and municipal entities, or to the autonomous agencies over which he has no jurisdiction, although he did have some effect on them.

Nevertheless, this presidential commissioner is an educator. He has necessarily understood — and so has the archbishop of Caracas, who is an educator, too — that the fight against corruption should be aimed at its roots. These roots lie in the creation of awareness among the new generations through education and through permanent supervision at all levels of activities and duties that each one performs.

Therefore, while carrying out his permanent duties of supervision and of promptly examining the immediate facts, he earnestly worked on the preparation of a great commitment of solidarity against corruption. This is an educational commitment aimed at instilling honesty among children, youth, and adults from the very beginning so as to persuade them that honesty should be preserved as a fundamental element to sustain and strengthen the democratic system and to positively direct this country toward economic and social development.

This commitment has been prepared with much tenacity and through dialogue with all social sectors. Today we present our work, which has taken us many months, with the hope that the entire Venezuelan civil society will welcome it as another truly strong element that will seek to uproot this scourge, which has caused so much harm throughout history.

As I have pointed out on various occasions, the objective of the fight for freedom and democracy, in which so many people are engaged at great sacrifice, was not only to achieve public freedom, the people's participation in the election of their rulers, and respect for human rights. It always implied the fight against corruption because — I am not sure if there have been any exceptions, and if there were any, it was very exceptional — dictatorships and particularly tyrannies were always corrupt. They disposed of people's properties as if these were their own. They transgressed the scruples of some, not just through force, but also through flattery and illegal benefits.

Therefore, when democracy was established, for instance, in our country, which has a good history in this regard, freedom was not only expected to prevail in people's lives, giving each one the right to express his own ideas and to establish his own organization. Procedures that were established for this purpose, although not perfect as some criticize, always represent the people's direct participation in the election of their governments.

It was also expected that the age of robbery had passed and that rulers would no longer live in luxury and pleasure in developed countries spending the money of their people. It was expected rather that society would be watchful and that the people's representatives in the government would be upright and honest.

When corruption invaded democracy, this seemed threatened, because the people lose confidence in those they have elected on the basis of their civic and moral credentials, which were undermined by procedural corruption. That is why this fight is important from a democratic standpoint. Just as we have to educate the people to exercise and win democracy every day, we also have to educate the people and society in general so that they feel from the very beginning that moral

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standards are fundamental and moral values are indispensable to achieve happiness in human communities. Therefore, this ceremony is honored with the presence of all of you. This presence is not only numerous but also highly qualified. Thus, I am fully confident that this initiative will succeed.

Despite all the obstacles that our struggle might encounter, despite the impatience that sometimes arises because final victories are not achieved in our fight against corruption, I am sure that this fight is taking place with devotion, firmness, and perseverance. I am sure that this solidarity ceremony gives it moral and political support that is so significant that we feel more and more optimistic in this fight that we are waging for our country's welfare.

Congratulations to the presidential commissioner for the supervision of public administration. Thank you very much to the participants in this solidarity ceremony because, after all, we will daily restate that solidarity at all levels, be it economic, political, and particularly in the area of public morality, is a fundamental factor that plays a major role in this beautiful fight that are waging for the future of the Venezuelan democracy.

Thank you very much, gentlemen.

Venezuela: Prosecutor General Terms Insecurity 'Serious'

PA2306221096 Caracas EL NACIONAL in Spanish 21 Jun 96 p D4

[FBIS Translated Text] Prosecutor General Ivan Dario Badell, after announcing he added a third prosecutor to the investigation into the alleged execution of two criminals, said that "there is no doubt that Venezuela has been experiencing an extremely serious insecurity situation."

Badell, who was at the Miraflores Palace yesterday to attend the presentation of the National Educational Anti-Corruption Plan [Plan Nacional Compromiso Educativo Anticorrupcion], was also consulted about the murder of lawyer Jose Alberto Totesaut, son-in-law of journalist Jose Vicente Rangel. He stressed the need for the security services to adopt stronger measures to prevent regrettable incidents.

We will wait for the results of an investigation, which is in the hands of two prosecutors of the Public Prosecutor's Office, to determine the reasons behind this regrettable incident, Badell noted.

The prosecutor general added that if Rangel has information relating to this murder he should present them to the proper institutions, especially the Prosecutor General's Office.

Venezuela: Caldera Meets National Guard Generals

PA2306221296 Caracas EL NACIONAL in Spanish 21 Jun 96 p D4

[FBIS Translated Text] President Rafael Caldera yesterday attended a periodic meeting held by members of the Council of Generals of the National Guard [FAC]. Defense Minister Moises Orozco Graterol and members of the Military High Command accompanied the head of state.

At these meetings, high-ranking FAC officers, along with FAC Commander General Julio Cesar Pena Sanchez, analyze and discuss operations carried out by this military institution during the past six months.

Caldera noted the FAC has shown discipline and efficiency at all times in the multiple tasks it must perform.

He confirmed the FAC has a major role to play and pointed out that its tasks will be increasingly more complex. Thus, the president said periodic meetings like this one are good in order to exchange experiences within the new reality, to discuss appointments, and to make decisions under their purview.

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